

COMPREHENSIVE ANNUAL FINANCIAL REPORT
of
McPHERSON COUNTY, KANSAS
FOR THE YEAR ENDED DECEMBER 31, 2016

Keith Becker, Commissioner
Linus Linaweaver, Commissioner
Ron Loomis, Commissioner

PREPARED BY FINANCIAL MANAGER'S DEPARTMENT
Richard D. Witte, Administrator/Financial Manager

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INTRODUCTORY SECTION



McPHERSON COUNTY, KS

July 28, 2017

To the Board of County Commissioners and Citizens of McPherson County, Kansas:

The Comprehensive Annual Financial Report of McPherson County, Kansas (County) for the fiscal year ended December 31, 2016, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

State statutes require an annual audit by independent Certified Public Accountants. The Board of County Commission selected the accounting firm of George, Bowerman & Noel, P.A. The goal of the independent audit was to provide reasonable assurance that the financial statements of McPherson County for the fiscal year ended December 31, 2016, are free of material misstatement. The independent auditor's report is presented as the first component of the Financial Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

McPherson County is located in the central part of the state with a land area of 900 square miles and a population of 28,804. The governing body is the Board of County Commissioners (BOCC), elected by district to four-year terms. Other elected officials include the County Attorney, Clerk, Register of Deeds, Sheriff and Treasurer, all elected to four-year terms.

The government provides a full range of services consisting of public safety; the construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events; health services; educational activities; economic development services; and noxious weed and soil conservation control activities. The financial reporting entity (the government) includes all funds of the primary government (i.e., McPherson County, Kansas as legally defined), as well as all of its component units. The County is financially accountable for the McPherson County Extension Council, which is reported as a discretely presented component unit. Discretely presented component units are reported in a separate column in the financial

statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government.

The County maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Commissioners. Activities of the General Fund, certain Special Revenue Funds and Debt Service Fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the department expenditure level. Department heads are authorized to transfer funds between line items within the limits established by the County Board of Commissioners. Management monitors expenditures by function, activity, and object levels within the various funds of the County. The County also maintains an encumbrance accounting system as a technique of accomplishing budgetary control. All unencumbered appropriations lapse at the end of the year, except for capital project fund appropriations, which are carried forward until such time as the project is completed or terminated.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Financial policies. The Public Works maintenance on 300 miles of hard surface roads, 60 miles of gravel roads and over 1100 bridge structures will continue to present funding challenges to the County. This requires an ongoing review of the entire surfacing program to determine methods to maintain the road surface and extend the useful life of each application. The County has made a commitment to maintain quality roads and bridges, without issuing debt, so as to prevent major repairs that will cost substantially more in future years.

Public safety costs for the Sheriff, Jail and Emergency E911 Departments continue to increase to meet state and federal safety and compliance standards. The County has contracted for services to review and evaluate the County-wide E911 system to determine changes to meet the NexGen E911 requirements. In 2017, the State required Counties to make annual payments to maintain the State-wide communications system. This cost the County \$90,000 which is 45% of the annual telephone tax revenues that will not be available for other communications expenses.

Local economy. McPherson County continues to progress as one of the most industrialized small communities in the State with no fewer than fifty industries of which 22 industries have over 50 employees. Facility and employment expansions in the County during 2016 included: Pfizer, a pharmaceutical products manufacturer continued to increase employment and expand their production facilities; CHS (Cenex Harvest Systems) completed a major expansion to their oil refinery with the addition of a new Coker unit; Producers, LLC (a CHS and Mid-Kansas Coop partnership) added additional storage to their agricultural rail shipping facility to more efficiently transport agricultural products to final destination shipping locations; and VIEGA,

polyethylene (PEX) fittings manufacturer, is building an additional production facility that will employ an additional 100 employees within five years. PrairieLand Partners completed a John Deere equipment and training facility during 2016.

The County has an average civilian labor workforce of approximately 16,739, compared to 16,780 for 2015, according to the Kansas Department of Human Resources, Labor Market Information Services. Approximately 2,200 of McPherson County's roughly 4,584 manufacturing jobs are supported by exporting and 23.4% of McPherson County's entire economy is tied to exports. With reductions in staffing at the Kansas Department of Labor, the County cannot compare employment numbers from year-to-year for related manufacturing jobs as compared to other counties within the state.

The County's 2016 average unemployment rate was 3.2 percent as compared to the statewide average rate of 4.2 percent and the national average of 4.9 percent. Based on the current employment projections of local businesses and industries, the unemployment rate should continue to remain well below the state and national unemployment rates. The County sales tax revenues decreased in 2016 compared to 2015 which was expected following completion a four-year Coker project at CHS that at times employed over 4,000 contract laborer's.

In 2015 the citizens of McPherson County approved a county-wide one-half cent sales tax to provide funding to the three hospitals located in the County. The sales tax will sunset in 10 years. In 2016, \$2,613,145 in sales tax was distributed to the three hospitals to assist in funding their operations and provide dollars for capital projects.

Long-term financial planning.

The State of Kansas Department of Transportation approved an additional interstate interchange for McPherson County to be located one mile north of McPherson City and completed the project in April 2017. The County and City participated in funding the costs to reconstruct and hard service approximately one and one-half miles of unimproved roads that will be completed in the fall of 2017. In 2015, the County completed the majority of their portion of the road improvement project. In the future, the County will need to address additional road improvements in this area to better serve the public.

The County owned facility, across from the Courthouse, has several County offices located on the upper floors; however, the main floor remains unoccupied. The building was purchased with the intent of moving county administrative offices to the building and moving all court related activities to the courthouse. The Board of County Commissioners continues to review options to utilize the space.

Internal Control. Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of McPherson County are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance

recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management.

General Fund Balance – Unassigned. The unassigned fund balance reported in the General Fund was \$663,452 and provides the County with a balance that is the equivalent of 28 calendar days based on 2016 expenditures as compared to 66 days balance for 2015.

Debt Administration. At December 31, 2016, the County had outstanding general obligation refunding and improvement bonds totaling \$5,090,000. Debt service payments for this issue are paid by the McPherson Area Solid Waste Utility from their fees and special assessments. The County received an Aa3 rating on this issuance by Moody's Financial Services. As per K.S.A. 19-2659, debt issued by a County for solid waste improvements and equipment is not subject to the County's legal debt margin for 2016 of \$13,490,707. The net bonded debt per capita for the general obligation issue is \$187.23, a decrease of \$11.59 per capita from December 31, 2015.

AWARDS AND ACKNOWLEDGEMENTS

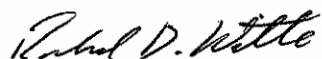
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to McPherson County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2015. This was the twenty-eighth consecutive year (since fiscal year ended 1988) that McPherson County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the staff of the Administrator/Financial Manager's office and other county departments for the historical and current information for the statistical section of the CAFR. Each member of these departments has my sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of McPherson County, preparation of this report would not have been achieved.

Sincerely,



Richard D. Witte
County Administrator/Financial Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**McPherson County
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

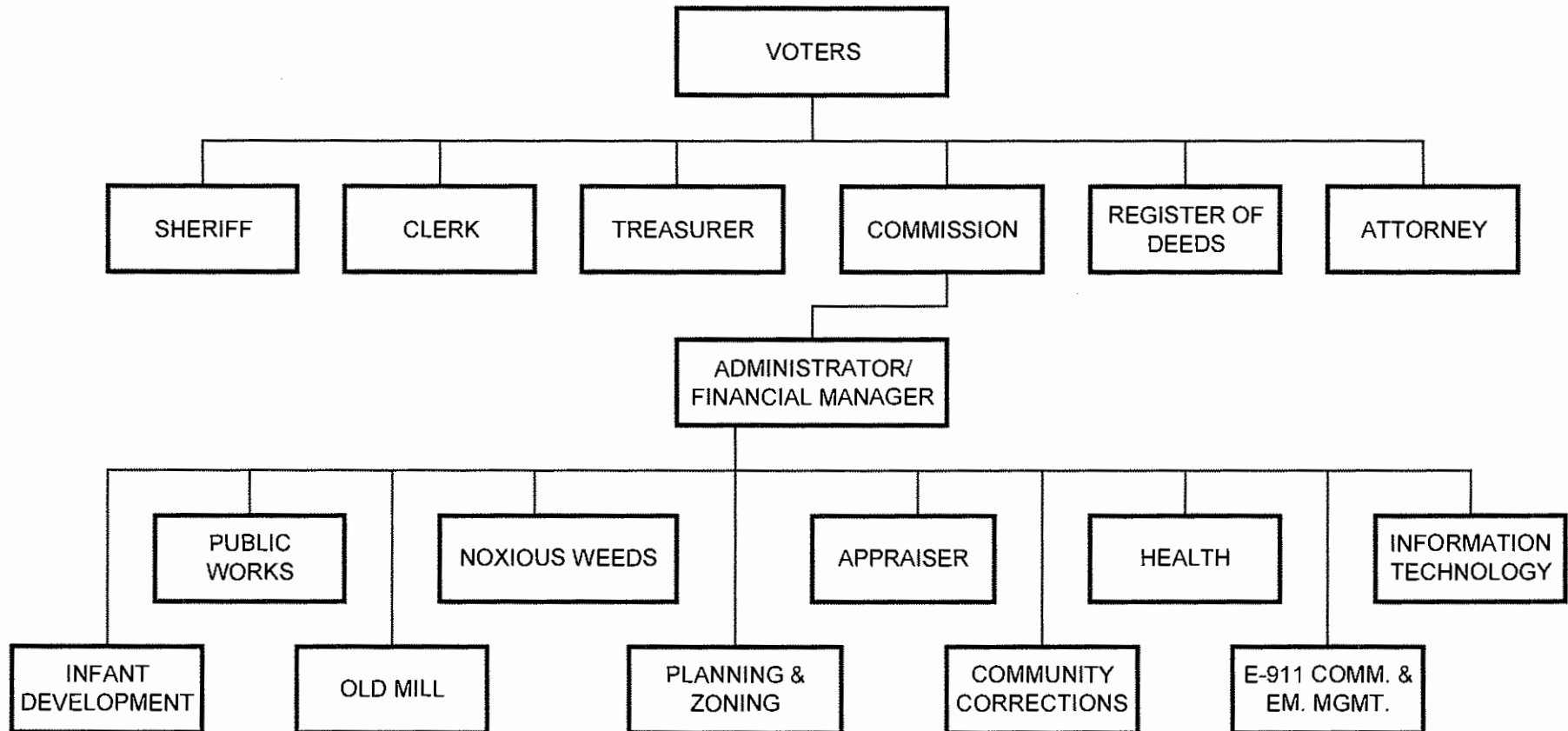
December 31, 2015

Executive Director/CEO

MCPHERSON COUNTY
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2016

<u>Title</u>	<u>Name</u>
County Commissioner	Linus Linaweaver
County Commissioner	Keith Becker
County Commissioner	Ron Loomis
County Attorney	Torrance Parkins
County Clerk	Cathy Schmidt
County Register of Deeds	Laurie Wiziard
County Sheriff	Larry G. Powell
County Treasurer	Brenda S. Becker
County Administrator/Financial Manager	Richard Witte
County Appraiser	Dianna Carter
Community Corrections Director	Janet Cagle
Health Administrator	Fern Hess
E-911/ Em. Mgmt. Director	Julie McClure
Information Technology Coordinator	Jeff Butler
Noxious Weed Director	Daniel D. Schrag
Old Mill Museum and Parks Director	Lorna M. Nelson
Public Works Director	Tom Kramer
Planning and Zoning Director	John Verssue

McPHERSON COUNTY
Organization Chart
McPherson County, Kansas
December 31, 2016



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FINANCIAL SECTION

George, Bowerman & Noel, P.A.

*Certified Public Accountants
Management Consultants
Tax Advisors*

Paul R. Bowerman
Gary L. George

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
McPherson County, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of McPherson County, Kansas (County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of McPherson County, Kansas, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Public Works Fund, Employee Benefits Fund and Special Landfill Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

George, Bowerman & Noel, P.A.

Wichita, Kansas
July 27, 2017

McPherson County, Kansas Management's Discussion and Analysis

This discussion and analysis of McPherson County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2016. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of McPherson County exceeded its liabilities at the close of the most recent fiscal year by \$52,440,784 (net position). This is a decrease of \$76,705 compared to the 2015 net position. The majority of the net position is the net investment in capital assets of \$44,802,101. Of this amount, \$3,252,737 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Governmental fund balances decreased \$271,693 or 2.24% to \$11,834,014 in 2016.
- In 2016 sales and compensating use tax decreased \$291,822 or 11.9% to \$2,170,669 compared to 2015 taxes of \$2,462,491.
- Roads and bridges infrastructure improvements accounted for 57% of new capital assets in the amount of \$4,218,697.
- The General Fund unassigned fund balance decreased \$805,291 to \$663,452 at year-end. The unassigned fund balance would have been larger at year end had the County not transferred \$430,000 to capital reserve accounts for major purchases in the next several years.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. These statements take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net position presents information on all of the County's assets and liabilities, with the difference reported as net position for a given point in time (December 31, 2016). Over time, increases or decreases in net position can be monitored to determine whether the County's financial position is improving or deteriorating.

The statement of activities presents information showing how the net position has changed during the fiscal year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for

some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused paid time off leave).

The government-wide financial statements include not only the County, but also the McPherson County Extension Council, a discretely presented component unit, which is a legally separate entity that the Board of County Commissioners levy property taxes for and also approves their annual operating budget.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds — Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

McPherson County maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the government fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Public Works Fund, Employee Benefits Fund, Special Landfill Fund, Highway Improvement Reserve Fund and Solid Waste Project Fund, all of which are considered to be major funds. Data from the other 22 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget as a management control device for its general, certain special revenue funds and the debt service fund. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds — The County maintains one proprietary fund, which is the internal service fund (Employee Benefit Plan Fund) used to account for the County's self-insured health insurance plan. In the government-wide statements, the information for the internal service fund is presented as part of the governmental activities information.

Fiduciary funds — Fiduciary funds are used to account for resources held by the County for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the County is prohibited from using fiduciary assets to finance its operations. The fiduciary funds are combined into one column on the fiduciary funds statement since the County only reports agency funds. A combining statement can be found in the supplementary information following the notes to the financial statements.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents combining statements referred to earlier in connection with nonmajor governmental funds, fiduciary funds and actual and budget comparisons for individual funds which require legal budgets. This information is presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$52,440,784 as of December 31, 2016 as compared to \$52,517,489 in 2015.

Of the County's total assets of \$77,578,531 the largest components are: 1) Cash and investments of \$12,274,533 or 16%; 2) receivables, which largely represent unearned tax revenue for FY 2016, of \$14,776,422 or 19% of which \$12,236,258 is 2016 property taxes paid in 2017; and 3) capital assets net of accumulated depreciation of \$50,229,594 or 65%. Capital assets are used to provide services to citizens; consequently, these capital assets are not available for future spending. The largest component of the \$14,296,683 in total liabilities is long-term liabilities of \$12,290,997 or 86% and the majority is for KPERS pension liability of \$6,753,387 and outstanding GO Bonds of \$5,090,000.

The County's net position decreased .15% or \$76,705 the current fiscal year. The County's net position for fiscal year ended December 31, 2016 (with comparative amounts for December 31, 2015) are summarized as follows:

McPherson County's Net Position

	Governmental Activities	
	2016	2015
Current and other assets	\$ 27,348,937	\$ 27,499,666
Capital assets (net of depreciation)	50,229,594	50,142,929
Total assets	77,578,531	77,642,595
Deferred outflows of cost on bond refunding	267,507	0
Deferred outflows of resources related to pensions	1,321,547	685,475
Total Deferred outflows of resources	1,589,054	685,475
Current and other liabilities	618,001	791,027
Long-term liabilities	13,678,682	12,753,266
Total Liabilities	14,296,683	13,544,293

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Deferred inflows of resources:		
Property taxes receivable	\$ 12,236,258	\$ 11,800,906
Related to pensions	<u>193,860</u>	<u>465,382</u>
Total deferred inflows of resources	<u>12,430,118</u>	<u>12,266,288</u>
Net position:		
Invested in capital assets, net	44,802,101	44,525,252
Restricted	4,385,946	4,364,295
Unrestricted	<u>3,252,737</u>	<u>3,627,942</u>
Total net position	<u>\$ 52,440,784</u>	<u>\$ 52,517,489</u>

A large portion (\$44,802,101 or 85 percent) of the County's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. \$4,385,946 or 8% of the County's committed net position represents capital project fund types and the debt service fund. The capital project funds are subject to Board of County Commission approval on how they may be used. Approximately 6% or \$3,252,737 of the County's net position is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.

Governmental activities decreased the County's net position by \$76,705. The key elements of this change are as follows:

Total governmental activity revenues decreased \$3,522,508 or approximately 12.9%, for 2016 with the largest decrease of \$3,848,869 from capital grants and contributions. In 2015 the County received contributions from the State for a major road enhancement project. A decrease in sales tax revenues of \$291,822 compared to the previous year was due to less construction and contract workers employed for major industry expansions.

Charges for services decreased \$151,373 or 3.6% with the largest increases in fees charged of \$67,463 for public works road maintenance to other entities; all health department programs of \$62,197; \$23,837 in additional charges for diversion fees; \$10,224 increase in court debt collection; and \$9,970 for building and zoning permits. The major decreases in charges for services include \$157,224 less in charges in registration and recording fees, a result of State laws that reduced the mortgage and document recording fees; \$44,137 less for rental space in the county owned office building when a tenant left the facility; and \$16,753 less for noxious weeds spraying.

Operating grants and contributions largest increase was the additional \$33,775 in motor fuels tax; \$25,631 in community developmental disability grants; and \$13,656 in grants for the infant toddler program. Major decreases in operating grants and contributions were \$43,902 less in contribution to the Old Mill Museum; and \$21,809 for all programs in the health department.

Capital grants and contributions decreased \$3,848,869 compared to 2015. There was an increase in the revenues from the sale of surplus property of \$126,122 as compared to the previous year; \$43,200 in donations for equipment in the E911 center. The major decrease resulted from the 2015 reimbursement of \$4,139,699 to construct the K-61 highway improvements west of McPherson City. The County was the lead agency in this project with the State reimbursing the County 100%.

Property taxes increased \$924,210 or 7.6% with allocations to all departments to fund operating expense increases with the majority of the tax increase to fund several public works equipment purchases, county office building improvements and health insurance premium increases. Sales taxes decreased \$291,822 or 11.9% compared to 2015. Sales taxes decreased as a result of a decrease in construction and the temporary labor force that both were very strong for the previous three years. Interest earnings increased \$7,804 due to additional idle dollars for investment and a minor increase in interest rates.

Total government activity expenses decreased \$288,227 in 2016, or approximately 1.2% compared to 2015 expenses. General government increased \$526,938 with the majority of the increase being comprised of data processing operating costs of \$55,973, planning and zoning increased costs of \$35,009, Courthouse General operating expenses of \$32,057, Nations Bank Building increased maintenance costs of \$74,191, an increase in coroner fees of \$29,386, a reduction in prepaid insurance costs of \$46,650 due to a change in the period to coincide with year-end, and an increase in the net pension liability attributed to general government operations. Public safety increased \$412,996 with \$230,764 additional personnel and equipment costs for the jail and \$126,039 in personnel and operating costs of the E911 center. The highways and streets decrease in expenses of \$1,483,938 was due to less major road improvements in 2016 as compared to 2015, which included the K-61 Highway improvements. The majority of the \$41,519 increase in culture and recreation was \$28,829 from the special recreation program allocated to six cities in the county for park improvements. The majority of the \$192,959 increase in expenses in environmental protection was for additional expenses for completion of the Sub-Title D landfill project and \$28,271 in additional operating expenses for noxious weeds.

Key elements of the current year's increase in net assets and changes relative to the prior year are as follows:

McPherson County's Changes in Net Position
Year Ended December 31, 2016

(With Comparative Amounts for the Year-Ended December 31, 2015)

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 4,036,464	\$ 4,187,837
Operating grants and contributions	4,136,499	4,297,306
Capital grants and contributions	252,949	4,101,818

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
General revenues:		
Property taxes levied for:		
General purposes	13,076,484	12,152,274
Sales taxes	2,170,669	2,462,491
Grants and entitlements not restricted to	25,701	27,352
Specific programs		
Investment earnings	<u>24,583</u>	<u>16,779</u>
Total revenues	<u>23,723,349</u>	<u>27,245,857</u>
Expenses:		
General government	3,788,421	3,261,483
Public safety	7,359,826	6,946,830
Highways and streets	7,644,792	9,128,730
Health and sanitation	2,361,412	2,342,449
Culture and recreation	412,729	371,210
Environmental protection	2,073,550	1,880,591
Interest on long-term debt	<u>159,324</u>	<u>156,988</u>
Total expenses	<u>23,800,054</u>	<u>24,088,281</u>
Change in net position	(76,705)	3,157,576
Net position beginning of year	<u>52,517,489</u>	<u>49,359,913</u>
Net position end of year	<u>\$ 52,440,784</u>	<u>\$ 52,517,489</u>

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The general government functions are reported in the General, Special Revenue, Capital Project and Debt Service Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$11,834,014, a decrease of \$271,693 or 2.2% in comparison with the prior year. The unassigned balance of \$663,452 or 6% is available for spending at the County's discretion. The remainder of fund balance is not available for new spending because it has already been restricted, committed, assigned or is inventory for public works aggregates.

The General Fund is the primary operating fund of the County. At the end of the current fiscal year 22% or \$663,452 of the General fund balance was unassigned with the balance of \$1,049,749 committed for self-insurance claims and \$1,194,366 assigned for funding the 2017 budget. As a measure of the General Fund's liquidity, we compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8% of total fund expenditures for 2016, while total fund balance represents 33% of total fund expenditures for 2016. At year-end the Board of County Commissioners approved a transfer of \$430,000 to capital improvement and equipment reserve funds for major expenditures planned in the next several years thus reducing the unassigned balance.

The General Fund balance decreased 10% or \$321,154 during the 2016 fiscal year to \$2,907,567. The largest revenue increase was \$453,851 or 7% for taxes with the largest decrease of \$210,437 or 26% for licenses and permits the majority due to reduced revenues from mortgage registration, recording and UCC fees as a result of State laws changing the fees counties can charge for recording services.

The Public Works Fund balance decreased \$1,514,259 in 2016 for an ending fund balance of \$927,266, of which \$211,212 is committed; \$297,982 is in inventory and \$418,072 is assigned to fund the 2017 budget. The fund balance decrease was the result of a \$1,000,000 transfer to the capital improvement and equipment reserve funds and the purchase of new road maintenance equipment. The Board of County Commissioners authorized the transfer for major repairs to the asphalt plant and several major bridge replacements scheduled to begin in 2017.

The Employee Benefits Fund balance increased \$244,440 to \$844,164. The balance represents 36% of the \$2,324,187 in expenditures for 2016. Taxes are the primary source of revenue for the fund and the largest budgeted expenditure of 50% is for health insurance premiums that were 22% or \$324,790 less than budgeted. The County budgeted for a 10% increase in insurance premiums and there was no increase in premiums in 2016. Workers compensation insurance premiums were 44% or \$92,650 less than budgeted as a result of changing insurance providers. With the exception of health insurance, all the benefits paid are a percentage of wages and as employees retire and new employees are hired there will be minor changes in those expenditures.

The Special Landfill Fund balance decreased \$192,566 to \$974. Special assessments fund the Landfill Fund and depending on the actual charges to residences, businesses and industries, the ending account balance can fluctuate at year-end. In 2016, total expenditures for the fund were \$1,774,000. The County was carrying over special assessments from prior years and in 2016 disbursed those funds to the McPherson Area Solid Waste Utility.

The fund balance for the Highway Improvement Reserve is \$1,886,693 that is committed for highway improvements. This fund is funded by transfers from the Public Works department to allow the County to reserve dollars for major improvements scheduled in the future. This allows the County to pay as you go for major road projects instead of issuing debt to finance the improvements. Major projects for public works can be expensed from this fund as well as projects in which the County participates with state or local entities for major road and bridge improvements. The County has a bridge replacement plan; however, with over 1100 bridges

in the County there are structures that fail and need to be replaced prior to their scheduled replacement.

The Solid Waste Project Fund was established in 2013 to account for the resources and expenditures for the construction of a new Sub-Title D landfill. During 2016 additional improvements in the amount of \$150,469 were made to the site. The beginning balance of \$144,113 plus transfers and miscellaneous revenues totaling \$150,469 were all disbursed to the McPherson Area Solid Waste for landfill improvements leaving the Solid Waste Project Fund with a zero (\$0.0) fund balance.

Proprietary Fund. The County's only internal service fund, the Employee Benefit Plan Fund, had an ending net position balance of \$1,040,509. This was a \$91,996 decrease from the previous year net position balance of \$1,132,505. The ending net position balance represents 54% of the annual expenditures of \$1,915,765 for 2016. Claims and administrative expenses increased 24% when compared to 2015 expenditures. The fund balance can be used to fund future premium increases or other health related expenses authorized by the governing body. The County did not have a premium increase in 2017 and the County maintains its "grandfather" status under the current Federal Affordable Care Act.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget and actual comparison schedules are provided in the Basic Financial Statements for the General Fund and all major special revenue funds. Budget and actual comparison schedules are also provided in the Combining and Individual Fund Statements and Schedules section for all nonmajor funds with annually appropriated budgets. The budget and actual comparison schedules show the original adopted budgets, the final amended budget, actual results, and variance between the final budget and actual results. The General Fund budget was not amended in 2016.

The FY2016 budget was adopted on August 11, 2015 with total General Fund expenditures of \$9,301,012; an increase of \$705,000 or 8% in expenditures from the FY2015 budget. Actual 2016 revenues were 2.5% or \$213,644 more than budgeted. The major differences between budget and actual revenues are as follows:

- Taxes were \$106,465 less than budgeted. Major differences included: \$174,770 or 7.5% less in local sales taxes due to reduction in contract workers and industrial construction. Intangible taxes were \$25,023 higher than the budgeted amount of \$110,000 and the total of all delinquent taxes were \$34,106 more than budgeted. Motor vehicle tax revenues were \$4,528 less than budgeted.
- Intergovernmental revenues were \$21,254 more than budgeted. The Infant Toddler program grants and Medicaid payments were \$35,941 more than budgeted. McPherson City reimburses the County 46% of the costs of operating the E911 center and revenues were \$23,016 less than budgeted.
- Charges for services revenues were \$5,646 more than budgeted, with the largest amount of \$16,537 for prisoner care and bank service charges were \$3,636 more than budgeted.
- Licenses, fees and permits revenues were \$100,509 or 20% more than budgeted. Mortgage recording fees were \$55,209 more than budgeted. With the recording fee

structure changes by the State in 2014 it will be challenging to estimate these revenues during the five year phase-in of the new rates. Building and zoning fees were \$7,893 more than budgeted. Diversion fees exceeded budget estimates by \$8,495 and district court related fees were \$9,856 more than budgeted. The balance was a combination of all the other revenue sources.

- Use of money and property was \$18,308 or 28% more with \$7,166 in additional interest on investments than budgeted, a result of higher interest rates and more idle funds to invest. Revenues from all rental property was \$7,878 more than budgeted.
- Other revenues were \$160,632 more than the budgeted \$31,100. \$26,493 from insurance refund audit and dividends; \$43,200 donation for emergency management equipment and a \$4,240 donation to Old Mill; \$10,000 from the sale of property for a residential access road; \$37,400 from the State of Kansas for reimbursed sexual offender legal costs; \$8,016 from revenues for individuals to access court records and \$5,710 insurance reimbursement to infant development;
- There were Transfers in totaling \$13,760 of which the majority was the year-end balance transfer in the motor vehicle licensing as required by State Statutes.

Actual expenditures in the General Fund were 1.5% or \$140,565 less than the budgeted expenditures of \$9,301,012. The major differences between budget and actual expenditures are as follows:

- Planning and Zoning expenditures were \$14,208 less than budgeted due to personnel costs.
- County counselor expenditures were \$11,895 less because there was no contracts for outside counsel for special projects.
- Courthouse general, maintenance and county owned office building combined expenses were \$53,359 less due to one less employee and using contract custodial services and no capital outlay expenses.
- Sheriff and Jail expenses exceeded budget by \$13,559 due to the purchase of master control computer equipment that was not budgeted and HVAC system replacement. The master control system was 22 years old and replacement parts were no longer available.
- Coroner fees exceeded the budget amount by \$27,190 due to additional coroner office costs and the county having to contract for death investigators which are required for accidental and unattended deaths within the County.
- County attorney expenses were \$29,703 less than budgeted due to personnel changes and lower operating expense.
- Election expenses were \$20,109 less than budgeted due to less special elections than was estimated.
- Old Mill Museum and Parks had additional expenditures of \$22,586 above the budgeted amount due to building maintenance repairs.
- Emergency communications expenditures were \$57,033 more than budget a result of equipment purchases from donated funds.
- Infant development program total expense were \$20,672 less than budgeted due to lower personnel costs and professional contractual services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets for its governmental activities for 2016 increased \$86,665 (net of depreciation) for a total investment in capital assets as of December 31, 2016 of \$50,229,594 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment. Major capital asset events during the current fiscal year included the following:

- Five bridge replacements for \$604,028; 13 miles of road reconstruction and asphalt overlay for \$2,051,988.
- Four new Sheriff's vehicles for \$105,748 and a new Jail Master Control System that cost \$129,600.
- Public works vehicles and construction equipment for a total cost of \$746,035.
- New office equipment, data processing equipment and software in the amount of \$123,079.

McPherson County's Capital Assets

(net of depreciation)

December 31, 2016

(With Comparative Amounts at December 31, 2015)

	Government Activities	
	2016	2015
Land	\$ 1,795,764	\$ 1,795,764
Intangibles	614,107	614,107
Buildings	3,110,985	3,322,164
Improvements other than buildings	1,759,497	1,878,405
Infrastructure	40,332,701	41,051,159
Machinery and equipment	<u>2,616,540</u>	<u>1,481,330</u>
Total	<u>\$ 50,229,594</u>	<u>\$ 50,142,929</u>

Additional information on the County's capital asset activity can be found at Note 3 to the financial statements.

Long-term debt. At December 31, 2016, the County had \$5,090,000 in outstanding general obligation bonds. The outstanding debt issued by McPherson County is for the McPherson Area Solid Waste Utility (MASWU) including the construction of a Sub-Title D landfill for the County and has a current maturity in 2033. The County received an Aa3 rating from Moody's Investors Service on the 2016 MASWU refunding issue. Under current State statutes (K.S.A. 19-2659), the County's general obligation bonded debt for the MASWU is not subject to the County's legal debt limitation. The County's legal debt limitation is three percent of total assessed value of real and personal property and was \$13,490,707 at December 31, 2016. As of December 31, 2016, the County had net general obligation bonded debt of \$5,418,582 (\$5,090,000 plus bond premium of \$337,493 less \$8,911 available in the Debt Service Fund). Additional information on the County's long-term debt activity

can be found at Note 4 to the financial statements and additional information on the MASWU can be found in Notes 8, 10 and 12.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local, national and international economic factors influence the County's revenues. Industrial revenue bonds and economic tax incentives granted to industries in previous years continue to expire, over the next five to nine years, following the maximum ten-year exemption. Exempt property continues to be placed on the tax rolls as their 10-year tax exemptions expire adding to the County's property tax base. The economy for the area continues to improve due to manufacturing expansions and new facilities being built which results in additional employment. The temporary work force of up to 4,000 workers for the most part ended early 2016 with the most noticeable impact seen in the reduction of sales tax revenues. The limited housing continues to be an issue for those industries wanting to expand their employment numbers as well as for those workers seeking employment in the County; however, in 2016 there were several multi-housing developments that finished construction. Housing continues to steadily increase in value as evidenced by the stability of the County's assessed valuation for real estate.

Through the budget, the Board of County Commissioners (Board) set the direction of the County, allocates its resources and establishes its priorities. The County budget process begins in April when department budgets are prepared and presented in May and June with adoption of the budget in August. In considering the County budget for FY 2017, the Board and management considered the following factors:

- The local economy is growing with industry expansions and increased employment in several sectors with unemployment below the state and national average; housing values continue to increase with an average 6% increase from 2015 to 2016.
- Sales tax revenues declined for the first time in years, a direct result of the completion of major industrial projects. However, sales tax revenues are larger than prior to the latest industry expansion and each month gradually increase.
- Continue to evaluate revenue sources that the County can control, i.e. fees for services, permits and licenses. Mortgage registration and recording fees will be calculated using a different method for the next three years and it will take several years to determine the long-term impact to the county from this revenue source.
- Public works aggregates and asphalt oil prices have stabilized after years of higher than CPI increases. However, the County is addressing the need for more funds for the replacement of existing bridges with low tonnage ratings.
- There continues to be increased requests from law enforcement, courts and E911 departments for public safety related enhancements.
- The unrestricted fund balances allowed the Board to fund programs based on projected revenues and if revenues should fall short of estimates reserve funds could be used to fund capital projects budgeted in individual department budgets. The reserve accounts should only be used for planned major improvements or unforeseen emergency needs.
- County departments, programs and service agencies were funded at a level equal to or greater than 2015 actual expenditures. There were no new programs funded in the 2017 budget.

- The Board funded an anticipated 3% COLA for all employees in December 2016. The County has a Grade/Step salary scale; therefore, approximately 50% of the employees will receive salary adjustments per the Grade/Step Plan in addition to the COLA.
- The Board of Commissioners contracted with a consulting firm to review and request recommendations for improvements to the County E911 system. All emergency service response agencies were also encouraged to participate with preliminary results scheduled in the middle of 2017.
- The County continues to plan and finance capital equipment and infrastructure improvements on a “pay-as-you-go” basis and only uses debt financing for major projects with long-term benefits to the residents of the County.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County Administrator, P.O. Box 646, McPherson, KS 67460.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL
STATEMENTS

McPHERSON COUNTY, KANSAS

STATEMENT OF NET POSITION

December 31, 2016

	Primary Government Governmental Activities	Component Unit
<u>ASSETS</u>		
Cash and investments	\$ 12,274,533	\$ 134,476
Receivables:		
Property taxes	12,236,258	—
Special assessment taxes	1,679,045	—
Sales taxes	182,897	—
Trade accounts, net	58,786	—
Accrued interest	2,597	—
Due from other governmental units	616,839	—
Inventories, at cost	297,982	—
Capital assets:		
Land	1,795,764	—
Buildings	7,582,950	—
Improvements other than buildings	4,675,574	—
Infrastructure	84,039,914	—
Machinery and equipment	12,462,476	129,690
Intangibles	614,107	—
Less accumulated depreciation	(60,941,191)	(84,129)
Total assets	<u>77,578,531</u>	<u>180,037</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows related to costs on bond refunding	267,507	—
Deferred outflows of resources related to pensions	<u>1,321,547</u>	<u>8,207</u>
Total deferred outflows of resources	<u>1,589,054</u>	<u>8,207</u>
<u>LIABILITIES AND DEFERRED INFLOWS</u>		
Liabilities:		
Accounts payable	262,710	12,255
Accrued payroll payable	296,401	—
Accrued interest payable	58,890	—
Noncurrent liabilities:		
Due within one year	1,387,685	10,829
Due in more than one year	<u>12,290,997</u>	<u>65,433</u>
Total liabilities	<u>14,296,683</u>	<u>88,517</u>
Deferred inflows of resources:		
Deferred inflows of resources related to property taxes receivable	12,236,258	—
Deferred inflows of resources related to pensions	<u>193,860</u>	<u>3,049</u>
Total deferred inflows of resources	<u>12,430,118</u>	<u>3,049</u>
<u>NET POSITION</u>		
Investment in capital assets, net	44,802,101	45,561
Restricted for:		
General government	160,614	—
Public works operations	297,982	—
Employee benefits	844,164	—
Technology improvements	191,784	—
Public safety – equipment	687,304	—
Health programs	414,065	—
Environmental protection – landfill	1,753,652	—
Culture and recreation	27,470	—
Debt service	8,911	—
Unrestricted	<u>3,252,737</u>	<u>51,117</u>
Total net position	<u>\$ 52,440,784</u>	<u>\$ 96,678</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Unit</u>
Governmental Activities:						
General government	\$ 3,788,421	\$ 1,056,573	\$ —	\$ 260	\$ (2,731,588)	\$ —
Public safety	7,359,826	560,787	1,596,038	43,200	(5,159,801)	—
Highways and streets	7,644,792	275,845	935,097	209,489	(6,224,361)	—
Health and sanitation	2,361,412	340,896	781,336	—	(1,239,180)	—
Culture and recreation	412,729	38,380	4,240	—	(370,109)	—
Environmental protection	2,073,550	1,763,983	—	—	(309,567)	—
Interest on long-term debt	<u>159,324</u>	<u>—</u>	<u>819,788</u>	<u>—</u>	<u>660,464</u>	<u>—</u>
Total Governmental Activities	<u>\$23,800,054</u>	<u>\$ 4,036,464</u>	<u>\$ 4,136,499</u>	<u>\$ 252,949</u>	<u>(15,374,142)</u>	<u>—</u>
Component Unit:						
McPherson County Extension Council	<u>\$ 320,564</u>	<u>\$ —</u>	<u>\$ 85,224</u>	<u>\$ —</u>	<u>—</u>	<u>(235,340)</u>
General Revenues:						
Property taxes levied for:						
General purposes					13,076,484	—
Sales taxes					2,170,669	—
Payment from McPherson County					—	298,137
Grants and entitlements not restricted to specific programs					25,701	—
Investment earnings					<u>24,583</u>	<u>—</u>
Total general revenues					<u>15,297,437</u>	<u>298,137</u>
Change in net position					(76,705)	62,797
Net position at beginning of year					<u>52,517,489</u>	<u>33,881</u>
Net position at end of year					<u>\$ 52,440,784</u>	<u>\$ 96,678</u>

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

McPHERSON COUNTY, KANSAS
BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2016

	<u>General</u>	<u>Public Works</u>	<u>Employee Benefits</u>	<u>Special Landfill</u>	<u>Highway Improvement Reserve</u>	<u>Solid Waste Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS								
Cash and short-term investments	\$ 2,570,187	\$ 706,351	\$ 844,164	\$ 974	\$ 1,786,693	\$ –	\$ 5,248,428	\$ 11,156,797
Receivables:								
Trade accounts	–	–	–	–	–	–	58,786	58,786
Property taxes	4,197,942	5,084,512	2,547,591	1,679,045	–	–	406,213	13,915,303
Sales tax	182,897	–	–	–	–	–	–	182,897
Due from other governments	471,784	18,267	–	–	100,000	–	26,788	616,839
Accrued interest receivable	2,597	–	–	–	–	–	–	2,597
Inventories, at cost	–	297,982	–	–	–	–	–	297,982
Total assets	<u>\$ 7,425,407</u>	<u>\$ 6,107,112</u>	<u>\$ 3,391,755</u>	<u>\$ 1,680,019</u>	<u>\$ 1,886,693</u>	<u>\$ –</u>	<u>\$ 5,740,215</u>	<u>\$ 26,231,201</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Salaries and wages payable	\$ 185,493	\$ 62,461	\$ –	\$ –	\$ –	\$ –	\$ 48,447	\$ 296,401
Accounts payable	134,405	32,873	–	–	–	–	18,205	185,483
Total liabilities	<u>319,898</u>	<u>95,334</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>66,652</u>	<u>481,884</u>
Deferred inflows of resources:								
Property taxes receivable	<u>4,197,942</u>	<u>5,084,512</u>	<u>2,547,591</u>	<u>1,679,045</u>	<u>–</u>	<u>–</u>	<u>406,213</u>	<u>13,915,303</u>
Fund balances:								
Nonspendable:								
Inventories	–	297,982	–	–	–	–	–	297,982
Restricted:								
Employee benefits	–	–	844,164	–	–	–	–	844,164
Technology	–	–	–	–	–	–	191,784	191,784
Public safety – 911 equipment	–	–	–	–	–	–	437,333	437,333
Public safety services	–	–	–	–	–	–	249,971	249,971
Health and welfare	–	–	–	–	–	–	414,065	414,065
Environmental protection – landfill development and operations	–	–	–	974	–	–	73,633	74,607
Culture and recreation	–	–	–	–	–	–	27,470	27,470
Debt service	–	–	–	–	–	–	8,911	8,911
Other purposes	–	–	–	–	–	–	160,614	160,614
Committed:								
Self insurance claims	1,049,749	–	–	–	–	–	–	1,049,749
Highway improvements	–	211,212	–	–	1,886,693	–	615,925	2,713,830
Capital improvements	–	–	–	–	–	–	1,529,220	1,529,220
Environmental protection – remediation and equipment	–	–	–	–	–	–	1,558,424	1,558,424
Assigned:								
General government	1,194,366	–	–	–	–	–	–	1,194,366
Public works	–	418,072	–	–	–	–	–	418,072
Unassigned	<u>663,452</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>663,452</u>
Total fund balances	<u>2,907,567</u>	<u>927,266</u>	<u>844,164</u>	<u>974</u>	<u>1,886,693</u>	<u>–</u>	<u>5,267,350</u>	<u>11,834,014</u>
Total liabilities and fund balances	<u>\$ 7,425,407</u>	<u>\$ 6,107,112</u>	<u>\$ 3,391,755</u>	<u>\$ 1,680,019</u>	<u>\$ 1,886,693</u>	<u>\$ –</u>	<u>\$ 5,740,215</u>	<u>\$ 26,231,201</u>

The accompanying notes are an integral part of the financial statements.

McPHERSON COUNTY, KANSAS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

December 31, 2016

Total Governmental Fund Balances \$ 11,834,014

Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported
in the funds (capital assets net of accumulated
depreciation):

Cost	\$111,170,785	
Accumulated depreciation	<u>(60,941,191)</u>	50,229,594

Other assets not available to pay for current period
expenditures and therefore are not reported in
the governmental funds:

Special assessments receivable	1,679,045
Deferred outflows related to bond refunding costs	267,507

Internal Service Funds are used by management
to charge the costs of health insurance benefits
to individual funds. Certain assets and liabilities
of the internal service fund are included in
governmental activities in the Statement of
Net Position

1,040,509

Long-term liabilities are not due and payable in the
current period and therefore are not reported
in the funds:

Accrued interest payable on general obligation bonds	58,890	
Compensated absences payable	671,451	
Other postemployment benefits other than pensions	826,351	
Net pension liability for Kansas Public Employee's Retirement System Plan including deferred outflows of resources and deferred inflows of resources	5,625,700	
General obligation bonds payable	5,090,000	
Unamortized premium on general obligation bonds payable	<u>337,493</u>	
		<u>(12,609,885)</u>

Net Position of Governmental Activities \$ 52,440,784

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS

Year ended December 31, 2016

	General	Public Works	Employee Benefits	Special Landfill	Highway Improvement Reserve	Solid Waste Project	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	\$ 7,037,212	\$ 5,172,701	\$ 2,568,627	\$ 1,672,009	\$ -	\$ -	\$ 680,424	\$17,130,973
Intergovernmental	776,490	935,097	-	-	208,719	-	2,242,408	4,162,714
Licenses and permits	591,889	-	-	-	-	-	388,738	980,627
Charges for services	114,146	105	-	-	-	-	784,884	899,135
Use of money and property	83,558	770	-	-	-	-	104	84,432
Miscellaneous	185,309	275,740	-	-	-	1,991	1,333	464,373
Total revenues	8,788,604	6,384,413	2,568,627	1,672,009	208,719	1,991	4,097,891	23,722,254
Expenditures:								
Current:								
General government	2,605,877	-	521,315	-	-	-	383,142	3,510,334
Public safety	4,674,034	-	1,008,697	-	-	-	1,441,975	7,124,706
Highways and streets	-	6,898,672	614,980	-	132,778	-	-	7,646,430
Health and welfare	1,089,240	-	85,763	-	-	-	1,148,262	2,323,265
Culture and recreation	287,784	-	55,780	-	-	-	28,829	372,393
Environmental protection	32,218	-	37,652	1,774,000	-	-	234,127	2,077,997
Capital outlay	-	-	-	-	-	150,469	15,000	165,469
Debt Service	-	-	-	-	-	-	819,788	819,788
Total expenditures	8,689,153	6,898,672	2,324,187	1,774,000	132,778	150,469	4,071,123	24,040,382
Revenues over (under) expenditures	99,451	(514,259)	244,440	(101,991)	75,941	(148,478)	26,768	(318,128)
Other financing sources (uses):								
Issuance of general obligation refunding bonds	-	-	-	-	-	-	2,900,000	2,900,000
Premium on sale of general obligation refunding bonds	-	-	-	-	-	-	240,108	240,108
Payment to refunding bond escrow agent	-	-	-	-	-	-	(3,093,673)	(3,093,673)
Transfers in	13,760	-	-	-	500,000	4,365	1,044,575	1,562,700
Transfers out	(434,365)	(1,000,000)	-	(90,575)	-	-	(37,760)	(1,562,700)
Total other financing sources (uses)	(420,605)	(1,000,000)	-	(90,575)	500,000	4,365	1,053,250	46,435
Net change in fund balances	(321,154)	(1,514,259)	244,440	(192,566)	575,941	(144,113)	1,080,018	(271,693)
Fund balances, beginning of year	3,228,721	2,441,525	599,724	193,540	1,310,752	144,113	4,187,332	12,105,707
Fund balances, end of year	\$ 2,907,567	\$ 927,266	\$ 844,164	\$ 974	\$ 1,886,693	\$ -	\$ 5,267,350	\$11,834,014

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

Net Change in Fund Balances – Total Governmental Funds	(271,693)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:	
Capital outlay	\$ 4,218,697
Depreciation	<u>(4,132,032)</u>
Excess of capital outlays over depreciation expense	86,665
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	12,225
In the statement of activities, other postemployment benefits other than pensions are measured by the amount due during the year instead of the amount paid.	(92,449)
Premium on the sale of general obligation bonds provides current financial resources to governmental funds, but is amortized over the life of the bonds in the statement of activities.	(240,108)
The issuance of long-term debt provides current financial resources in the governmental funds but represent an increase in long-term liabilities in the statement of activities for general obligation refunding bonds.	(2,900,000)
In the statement of activities the deferred refunding costs increases Deferred outflows of resources but does not provide current resources To the governmental funds. Amortization of the deferred refunding Costs is reflected in the statement of activities but is not reported as Expenditures in the governmental funds:	
Deferred refunding costs	292,166
Amortization of deferred refunding costs	<u>(24,659)</u>
Net deferred refunding costs	267,507
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:	
General obligation bond payment	3,435,000
Internal service funds are used by management to charge the cost of health insurance benefits to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	(91,996)
Special assessments are not considered available to liquidate liabilities of the current period. However, they are recognized as revenue in the statement of activities as soon as the special assessments are levied.	1,095
Pension contributions is an expenditure in the governmental funds but reduces the net pension liability in the statement of net position. Additionally, the effect of changes in deferred outflows and inflows of resources for pensions are only recorded in the statement of activities.	(252,566)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:	
Prepaid items	(62,686)
Compensated absences payable	(7,104)
Amortization of premium on issuance of refunding bonds	<u>39,405</u>
Total	<u>(30,385)</u>
Change in Net Position of Governmental Activities	<u>\$ (76,705)</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS**

(continued on next page)

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues and other sources:				
Taxes	\$ 7,139,317	\$ 7,139,317	\$ 7,032,852	\$ (106,465)
Intergovernmental	755,236	755,236	776,490	21,254
Charges for services	108,500	108,500	114,146	5,646
Licenses, fees and permits	491,380	491,380	591,889	100,509
Use of money and property	65,250	65,250	83,558	18,308
Other	31,100	31,100	191,732	160,632
Transfers in	<u>—</u>	<u>—</u>	<u>13,760</u>	<u>13,760</u>
Total revenues and other sources	<u>8,590,783</u>	<u>8,590,783</u>	<u>8,804,427</u>	<u>213,644</u>
Expenditures, encumbrances and other uses:				
Commissioners:				
Personal services	76,500	76,500	75,589	911
Contractual services	10,000	10,000	6,192	3,808
Commodities	<u>800</u>	<u>800</u>	<u>426</u>	<u>374</u>
Total Commissioners Department	<u>87,300</u>	<u>87,300</u>	<u>82,207</u>	<u>5,093</u>
County Counselor:				
Personal services	31,560	31,560	31,320	240
Contractual services	<u>14,650</u>	<u>14,650</u>	<u>2,995</u>	<u>11,655</u>
Total County Counselor	<u>46,210</u>	<u>46,210</u>	<u>34,315</u>	<u>11,895</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Administrator/Financial Manager:				
Personal services	\$ 234,000	\$ 234,000	\$ 221,539	\$ 12,461
Contractual services	9,000	9,000	5,909	3,091
Commodities	5,200	5,200	3,286	1,914
Capital outlay	<u>—</u>	<u>—</u>	<u>3,777</u>	<u>(3,777)</u>
Total Administrator/ Financial Manager Department	<u>248,200</u>	<u>248,200</u>	<u>234,511</u>	<u>13,689</u>
Crestwood Cemetery:				
Contractual services	4,500	4,500	4,685	(185)
Commodities	<u>—</u>	<u>—</u>	<u>542</u>	<u>(542)</u>
Total Crestwood Cemetery	<u>4,500</u>	<u>4,500</u>	<u>5,227</u>	<u>(727)</u>
Data Processing:				
Personal services	107,000	107,000	103,348	3,652
Contractual services	88,200	88,200	69,007	19,193
Commodities	4,400	4,400	6,754	(2,354)
Capital outlay	<u>45,000</u>	<u>45,000</u>	<u>60,019</u>	<u>(15,019)</u>
Total Data Processing Department	<u>244,600</u>	<u>244,600</u>	<u>239,128</u>	<u>5,472</u>
County Clerk:				
Personal services	157,500	157,500	160,547	(3,047)
Contractual services	7,480	7,480	3,955	3,525
Commodities	<u>1,250</u>	<u>1,250</u>	<u>1,637</u>	<u>(387)</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Total County Clerk's Department	<u>\$ 166,230</u>	<u>\$ 166,230</u>	<u>\$ 166,139</u>	<u>\$ 91</u>
County Treasurer:				
Personal services	147,700	147,700	151,548	(3,848)
Contractual services	25,825	25,825	24,873	952
Commodities	<u>2,800</u>	<u>2,800</u>	<u>2,500</u>	<u>300</u>
Total County Treasurer's Department	<u>176,325</u>	<u>176,325</u>	<u>178,921</u>	<u>(2,596)</u>
Register of Deeds:				
Personal services	163,400	163,400	152,307	11,093
Contractual services	9,460	9,460	7,586	1,874
Commodities	<u>1,100</u>	<u>1,100</u>	<u>1,951</u>	<u>(851)</u>
Total Register of Deeds Department	<u>173,960</u>	<u>173,960</u>	<u>161,844</u>	<u>12,116</u>
Planning and Zoning:				
Personal services	110,000	110,000	86,074	23,926
Contractual services	14,100	14,100	20,639	(6,539)
Commodities	3,400	3,400	5,343	(1,943)
Capital outlay	<u>—</u>	<u>—</u>	<u>1,236</u>	<u>(1,236)</u>
Total Planning and Zoning Department	<u>127,500</u>	<u>127,500</u>	<u>113,292</u>	<u>14,208</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS**

(continued from previous page)

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Courthouse General				
Contractual services	\$ 332,000	\$ 332,000	\$ 352,269	\$ (20,269)
Commodities	18,000	18,000	17,241	759
Capital outlay	<u>45,000</u>	<u>45,000</u>	<u>—</u>	<u>45,000</u>
Total Courthouse General Department	<u>395,000</u>	<u>395,000</u>	<u>369,510</u>	<u>25,490</u>
Courthouse Maintenance:				
Personal services	100,800	100,800	77,297	23,503
Contractual services	15,000	15,000	1,804	13,196
Commodities	28,500	28,500	18,787	9,713
Capital outlay	<u>—</u>	<u>—</u>	<u>866</u>	<u>(866)</u>
Total Courthouse Maintenance	<u>144,300</u>	<u>144,300</u>	<u>98,754</u>	<u>45,546</u>
Election:				
Personal services	14,500	14,500	11,934	2,566
Contractual services	69,400	69,400	54,843	14,557
Commodities	<u>6,000</u>	<u>6,000</u>	<u>3,014</u>	<u>2,986</u>
Total Election Department	<u>89,900</u>	<u>89,900</u>	<u>69,791</u>	<u>20,109</u>
Appraiser:				
Personal services	401,000	401,000	368,553	32,447
Contractual services	34,380	34,380	41,032	(6,652)
Commodities	8,500	8,500	11,652	(3,152)
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>7,131</u>	<u>(4,131)</u>
Total Appraiser Department	<u>446,880</u>	<u>446,880</u>	<u>428,368</u>	<u>18,512</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS**

(continued from previous page)

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Bank Building:				
Contractual services	\$ 125,000	\$ 125,000	\$ 165,735	\$ (40,735)
Commodities	5,000	5,000	5,442	(442)
Capital outlay	<u>23,500</u>	<u>23,500</u>	<u>—</u>	<u>23,500</u>
 Total Bank Building Department	 <u>153,500</u>	 <u>153,500</u>	 <u>171,177</u>	 <u>(17,677)</u>
 Sheriff:				
Personal services	1,100,500	1,100,500	1,037,825	62,675
Contractual services	179,845	179,845	183,479	(3,634)
Commodities	156,185	156,185	71,169	85,016
Capital outlay	<u>109,900</u>	<u>109,900</u>	<u>120,988</u>	<u>(11,088)</u>
 Total Sheriff's Department	 <u>1,546,430</u>	 <u>1,546,430</u>	 <u>1,413,461</u>	 <u>132,969</u>
 Jail:				
Personal services	674,650	674,650	683,513	(8,863)
Contractual services	317,525	317,525	316,704	821
Commodities	48,400	48,400	52,115	(3,715)
Capital outlay	<u>25,115</u>	<u>25,115</u>	<u>159,886</u>	<u>(134,771)</u>
 Total Jail Department	 <u>1,065,690</u>	 <u>1,065,690</u>	 <u>1,212,218</u>	 <u>(146,528)</u>
 County Attorney/Victim Witness:				
Personal services	360,000	360,000	339,612	20,388
Contractual services	52,000	52,000	47,067	4,933

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Commodities	\$ 20,000	\$ 20,000	\$ 12,288	\$ 7,712
Capital outlay	<u>2,500</u>	<u>2,500</u>	<u>5,830</u>	<u>(3,330)</u>
 Total County Attorney/ Victim Witness Department	 <u>434,500</u>	 <u>434,500</u>	 <u>404,797</u>	 <u>29,703</u>
 Unified Courts:				
Contractual services	195,800	195,800	169,263	26,537
Commodities	17,000	17,000	11,118	5,882
Capital outlay	<u>6,400</u>	<u>6,400</u>	<u>32,232</u>	<u>(25,832)</u>
 Total Unified Courts	 <u>219,200</u>	 <u>219,200</u>	 <u>212,613</u>	 <u>6,587</u>
 Emergency Management:				
Personal services	6,000	6,000	–	6,000
Contractual services	24,700	24,700	18,312	6,388
Commodities	<u>6,000</u>	<u>6,000</u>	<u>1,996</u>	<u>4,004</u>
 Total Emergency Management Department	 <u>36,700</u>	 <u>36,700</u>	 <u>20,308</u>	 <u>16,392</u>
 Emergency Communications:				
Personal services	760,000	760,000	725,872	34,128
Contractual services	8,580	8,580	51,421	(42,841)
Commodities	10,450	10,450	2,659	7,791
Capital outlay	<u>–</u>	<u>–</u>	<u>56,111</u>	<u>(56,111)</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

(continued from previous page)

Year ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Total Emergency Communications Department	\$ 779,030	\$ 779,030	\$ 836,063	\$ (57,033)
Old Mill Park and Museum:				
Personal services	149,500	149,500	153,896	(4,396)
Contractual services	48,700	48,700	45,650	3,050
Commodities	17,775	17,775	18,489	(714)
Capital outlay	—	—	20,526	(20,526)
Total Old Mill Park and Museum Department	215,975	215,975	238,561	(22,586)
4-H Fair:				
Contractual services	25,500	25,500	25,246	254
Commodities	1,000	1,000	352	648
Capital outlay	5,000	5,000	—	5,000
Total 4-H Fair	31,500	31,500	25,598	5,902
Infant Development Program:				
Personal services	246,450	246,450	236,763	9,687
Contractual services	79,775	79,775	69,100	10,675
Commodities	2,300	2,300	4,313	(2,013)
Capital outlay	4,000	4,000	1,677	2,323
Total Infant Development Program	332,525	332,525	311,853	20,672

McPHERSON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

(continued from previous page)

Year ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Other:				
Services for the elderly	\$ 285,000	\$ 285,000	\$ 285,000	\$ –
Mental health	165,000	165,000	165,000	–
Family Life Center	27,500	27,500	13,750	13,750
Domestic Violence/COVAP	11,500	11,500	11,500	–
Special fair	13,750	13,750	20,625	(6,875)
Soil Conservation	32,218	32,218	32,218	–
County Extension				
Appropriation	283,137	283,137	283,137	–
Joint Airport	100,000	100,000	71,510	28,490
Economic development	66,000	66,000	66,544	(544)
Coroner fees	85,000	85,000	112,190	(27,190)
Humane Society	20,500	20,500	20,500	–
Ambulance	605,452	605,452	605,452	–
STEPMC/Circles	10,000	10,000	10,000	
Transfers out	<u>430,000</u>	<u>430,000</u>	<u>434,365</u>	<u>(4,365)</u>
Total Other	<u>2,135,057</u>	<u>2,135,057</u>	<u>2,131,791</u>	<u>3,266</u>
Total expenditures, encumbrances and other uses	<u>9,301,012</u>	<u>9,301,012</u>	<u>9,160,447</u>	<u>140,565</u>
Revenues and other sources over (under) expenditures, encum- brances and other uses	(710,229)	(710,229)	(356,020)	354,209
Fund balance, beginning of year	<u>710,229</u>	<u>710,229</u>	<u>1,952,396</u>	<u>1,242,167</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$1,596,376</u>	<u>\$1,596,376</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

PUBLIC WORKS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 5,167,828	\$ 5,167,828	\$ 5,172,701	\$ 4,873
Intergovernmental	855,000	855,000	935,097	80,097
Charges for services	50	50	105	55
Miscellaneous	16,416	219,177	288,739	69,562
Use of money and property	<u>5,500</u>	<u>5,500</u>	<u>770</u>	<u>(4,730)</u>
Total revenues	<u>6,044,794</u>	<u>6,247,555</u>	<u>6,397,412</u>	<u>149,857</u>
Expenditures, encumbrances and other uses:				
Personal services	1,850,000	1,850,000	1,699,008	150,992
Contractual services	339,020	938,020	603,730	334,290
Commodities	3,192,700	2,793,700	2,604,379	189,321
Capital outlay	875,500	1,875,500	1,209,675	665,825
Transfers out	<u>—</u>	<u>—</u>	<u>1,000,000</u>	<u>(1,000,000)</u>
Total expenditures, encumbrances and other uses	<u>6,857,220</u>	<u>7,457,220</u>	<u>7,116,792</u>	<u>340,428</u>
Revenues over (under) expenditures, encumbrances and other uses	(812,426)	(1,209,665)	(719,380)	490,285
Fund balance, beginning of year	<u>812,426</u>	<u>1,209,665</u>	<u>1,209,665</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 490,285</u>	<u>\$ 490,285</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

EMPLOYEE BENEFITS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues and other sources:				
Taxes	\$ 2,570,404	\$ 2,570,404	\$ 2,568,627	\$ (1,777)
Expenditures:				
Personal services	<u>2,942,247</u>	<u>2,942,247</u>	<u>2,324,187</u>	<u>618,060</u>
Revenues and other sources over (under) expenditures and other uses	(371,843)	(371,843)	244,440	616,283
Fund balance, beginning of year	<u>371,843</u>	<u>371,843</u>	<u>599,724</u>	<u>227,881</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 844,164</u>	<u>\$ 844,164</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

SPECIAL LANDFILL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	<u>\$1,653,000</u>	<u>\$1,672,460</u>	<u>\$ 1,672,009</u>	<u>\$ (451)</u>
Expenditures and other uses:				
Contractual services	<u>1,625,000</u>	<u>1,775,000</u>	<u>1,774,000</u>	<u>1,000</u>
Transfer out	<u>91,000</u>	<u>91,000</u>	<u>90,575</u>	<u>425</u>
Total expenditures and other uses	<u>1,716,000</u>	<u>1,866,000</u>	<u>1,864,575</u>	<u>1,425</u>
Revenues over (under) expenditures and other uses	<u>(63,000)</u>	<u>(193,540)</u>	<u>(192,566)</u>	<u>974</u>
Fund balance, beginning of year	<u>63,604</u>	<u>193,540</u>	<u>193,540</u>	<u>—</u>
Fund balance, end of year	<u>\$ 604</u>	<u>\$ —</u>	<u>\$ 974</u>	<u>\$ 974</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND – EMPLOYEE BENEFIT PLAN FUND

December 31, 2016

Assets:

Current assets:

Cash including short-term investments	\$1,117,736
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Liabilities:

Current liabilities:

Accounts payable	<u>77,227</u>
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Net position – unrestricted	<u>\$1,040,509</u>
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The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

INTERNAL SERVICE FUND – EMPLOYEE BENEFIT PLAN FUND

Year ended December 31, 2016

Operating revenues:	
Employee/employer contributions	\$ 1,823,769
Operating expenses:	
Claims from participants	<u>1,915,765</u>
Change in net position	(91,996)
Net position, beginning of year	<u>1,132,505</u>
Net position, end of year	<u>\$ 1,040,509</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUND – EMPLOYEE BENEFIT PLAN FUND

Year ended December 31, 2016

Cash flow from operating activities:	
Cash received for contributions	\$ 1,823,769
Cash payments for claims	<u>(1,913,343)</u>
Cash flows provided by operating activities - net increase in cash and cash equivalents	(89,574)
Cash and cash equivalents, beginning of year	<u>1,207,310</u>
Cash and cash equivalents, end of year	<u>\$ 1,117,736</u>
Reconciliation of operating income to net cash provided for operating activities:	
Operating loss	\$ (91,996)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Increase in accounts payable	<u>2,422</u>
Net cash used for operating activities	<u>\$ (89,574)</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

**STATEMENT OF FIDUCIARY NET POSITION –
AGENCY FUNDS**

December 31, 2016

Assets:

Cash including investments	\$ 30,481,060
Property tax levied	21,871,924
Due from other funds	2
Due from others	152
Due from other governments	<u>2</u>
Total assets	<u>\$ 52,353,140</u>

Liabilities:

Accrued liabilities	\$ 9,460
Due to:	
Other governmental units	81,379
Others	9,016
Taxing districts:	
Apportioned taxes	10,233
Unapportioned taxes	52,201,317
Case balance deposits	41,733
Due to other funds	<u>2</u>
Total liabilities	<u>\$ 52,353,140</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

McPherson County, Kansas (County) is organized under the laws of the State of Kansas and operates under a three-member board of commissioners elected from separate districts throughout the County. The County provides services to its citizens in the areas of highways, public improvement, public safety, planning and zoning, health services, recreation facilities and general administrative services.

As required by generally accepted accounting principles, these financial statements present McPherson County, Kansas (the primary government) and its component unit. Component units are legally separate entities for which the primary government is financially accountable.

Discretely presented component unit

The McPherson County Extension Council provides instruction and practical demonstrations in agriculture, marketing, home economics, 4-H club and youth work, and community and resource development to all persons of McPherson County. The Board of County Commissioners are required by state statute to approve the annual operating budget of the McPherson County Extension Council and levy property taxes, within statutory limitations, for the financing of such budgeted appropriations. The Council's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy and represents over 70% of the McPherson County Extension Council's operating resources. In addition, the County provides the facilities used by McPherson County Extension Council. Complete financial statements for the McPherson County Extension Council may be obtained from the administrative offices of the entity at 600 West Woodside, McPherson, Kansas 67460-0308.

Related organizations

The Board of County Commissioners, by state statute, serves as the governing body of each Fire District established in McPherson County. State statutes further provide that the Board of County Commissioners may appoint a board of not less than three members to serve as the governing body of such District and such board shall have all the powers vested with the Board of County Commissioners. McPherson County has established 10 separate Fire Districts' organized under the provisions of the state statutes discussed above, with all being defined as separate taxing entities. These Fire Districts provide fire protection services principally to the unincorporated areas of the County. Property taxes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

are assessed within the benefit districts to provide the resources for the cost of the fire protection services and such levies are established and levied by the respective Fire District Boards'. The Fire District Boards' also have the authority to issue general obligation bonds, which are secured by the full faith and credit of the Fire District.

Basis of presentation

The financial statements of the County have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The County's basic financial statements include both government-wide, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities, display all the nonfiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In addition, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable. The statement of net position presents the financial condition of the County and its component unit at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which a given function or segment is self-financing or draws from the general revenues of the County.

Fund financial statements

During the year, the County segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues to be available in the period for which levied and other revenues if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

The County reports the following major governmental funds:

General Fund – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. It receives a greater variety and number of taxes and other general revenues than any other fund and these resources also finance a wider range of activities than any other fund.

Public Works Fund – The Public Works Fund is used to account for and report specific revenue sources that are restricted or committed to expenditure for public works maintenance operations. Financing is provided from property taxes and motor fuel taxes distributed from the State of Kansas.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Benefits Fund – The Employee Benefits Fund is used to account for and report specific revenue sources that are restricted or committed to expenditure for the County's portion of social security taxes, Medicare taxes, retirement, worker's compensation insurance and unemployment insurance contributions. Financing is provided by property taxes.

Special Landfill Fund – The Special Landfill Fund is used to account for and report the specific revenue sources that are restricted or committed to expenditure for the operations of the County landfill and solid waste removal from the County. Financing is provided through special assessment tax levies to all property owners in the County.

Highway Improvement Reserve Fund – The Highway Improvement Reserve Fund is used to account for highway improvement and maintenance operations. Financing is provided by transfers from the Public Works Fund at the discretion of the Board of County Commissioners, with certain limitations as provided in applicable state statutes. This fund also receives intergovernmental revenues from shared projects with the State of Kansas and other governmental entities within the County.

Solid Waste Project Fund – The Solid Waste Project Fund is used to account for the construction of a new landfill, construction of certain buildings to be used as a gatehouse building, a baler building and a household hazardous waste facility and the acquisition of certain equipment including a baler, scale, conveyor equipment and other initial equipment for operation of the landfill. Financing for the project is provided through the issuance of general obligation bonds.

The County also reports the following fund types:

Special Revenue Funds – Special revenue funds are used to account for and report specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest on long-term general obligation debt of governmental funds.

Internal Service Fund – The Employee Benefit Plan Fund is used to account for and report the financing of health insurance coverage on County employees, which is financed from employee withholdings and County contributions.

Agency Funds – The agency funds are used to report resources held by the County in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments. The agency funds consist of funds maintained by the County Treasurer for tax collection accounts, tax distribution accounts, motor vehicle fees and sales tax collection accounts, fish and game licenses and park permits and stray animals. In addition, the County maintains agency funds for resources held for the benefit of the

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

McPherson County jail inmates, the McPherson County cafeteria benefit plan, the McPherson County Sheriff's reserve and sales taxes collected by McPherson County to be remitted to the State of Kansas.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for charges between certain County departments that involve different functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The internal service fund activity is eliminated in the government-wide financial statements to avoid duplication of revenues and expenses.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

Property taxes are not susceptible to accrual. Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the State on behalf of the County at year-end are not due and receivable until the ensuing year.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Licenses, fees, fines, forfeitures, charges for services and other revenue are generally not susceptible to accrual and are recorded when received in cash.

Use of money and property represents earnings from investment of idle funds, rents and sales of unused County property. Accruals for significant amounts of interest earned are recorded as a receivable and interest income at year-end. The remaining use of money and property revenues is generally not susceptible to accrual and is recorded when received in cash.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary principles

The County is required by state statute to legally adopt annual operating budgets for the general fund, special revenue funds (unless exempted by specific statute) and debt service. Specific special revenue funds exempted from legally adopted budgetary requirements include the Oil & Gas Depletion Trust, Prosecutor Training and Assistance, Law Enforcement Trust and Motor Vehicle Department funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The following budgets were amended by the governing body during 2016:

Fund	<u>Original Budget</u>	<u>Amended Budget</u>
Public Works	\$ 6,857,220	\$ 7,457,220
Special Landfill	1,716,000	1,866,000
Community Corrections	1,006,800	1,050,000

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. The County Administrator/Financial Manager has the authority to revise line item budgets within a fund or a department within a fund, however total departmental amendments or individual fund amendments must be approved by the County Commission. The expenditure data presented in the schedules for budgetary comparison represent the original line item budgets approved by the County Commission.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. For budgetary purposes, encumbrances of the budgeted governmental fund types, representing purchase

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

orders, contracts and other commitments, are reported as a charge to the current year budget. All unencumbered appropriations lapse at the end of the year, except for capital project fund appropriations, which are carried forward until such time as the project is completed or terminated. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or canceled. Accordingly, the actual data presented in the budgetary comparison statements differ from the data presented in the financial statements prepared in accordance with generally accepted accounting principles (GAAP).

Controls over spending in funds that are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

The following reconciliation is presented to provide a correlation between the "GAAP" basis of reporting and the budgetary basis of reporting:

	<u>Major Governmental Funds</u>				Other Nonmajor Governmental Funds
	<u>General Fund</u>	<u>Public Works Fund</u>	<u>Employee Benefits Fund</u>	<u>Special Landfill Fund</u>	
GAAP Fund Balance at December 31, 2016	\$2,907,567	\$ 927,266	\$ 844,164	\$ 974	\$ 5,267,350
Adjustments:					
Reserved for encumbrances (budgeted funds)	(78,545)	(138,999)	-	-	-
Reserved for inventories	-	(297,982)	-	-	-
Reserved for self-insurance claims	(1,049,749)	-	-	-	-
Accrued sales tax revenues	(182,897)	-	-	-	-
Unreserved fund balances not subject to the Kansas Budget law	-	-	-	-	(3,884,820)
Budgetary Fund Balance at December 31, 2016	<u>\$1,596,376</u>	<u>\$ 490,285</u>	<u>\$ 844,164</u>	<u>\$ 974</u>	<u>\$ 1,382,530</u>

Cash including short-term investments

Cash balances in all funds are considered in determining the amount to be invested. All investment earnings are credited to the General Fund in accordance with the adopted budget.

Investments are carried at fair value. Deposits are reported at their cost, which approximates fair value. For purposes of the statement of cash flows, the County considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property taxes receivable

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the balance sheets of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Sales tax receivable

The County has a 1.5% local sales tax with $\frac{1}{2}$ of the 1% sales tax allocated to the cities within the County. The additional .5% was approved by the citizenry in November 2015 to support the three hospitals located in the County with $\frac{3}{4}$'s of the additional sales tax being allocated to the hospital located in the City of McPherson and the remaining $\frac{1}{4}$ split equally between the hospitals located in the City of Lindsborg and the City of Moundridge. The sales tax is collected by the State and remitted to the County monthly. The accrued sales tax receivable represents the sales tax collected by the merchants and held by the State at year-end.

Special assessment taxes receivable

Special assessment taxes are levied to every property owner in the County each year and become a lien on the property when assessed on November 1. The amount of levy is determined by the County Commission each year prior to June 1. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the Special Landfill Fund and are accrued in the Statement of Net Position. Since they are not considered available spendable resources for the funds statement, the special assessments receivable are reported as deferred inflows of resources in the funds statement.

Inventories and prepaid items

Inventories are valued at cost as determined by the first-in, first-out method. The purchase method is used to account for these inventories. Under the purchase method, inventories are recorded as expenditures when purchased however, material amounts of inventories are reported as assets of the respective fund. Reported inventories in governmental funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets. Inventories in the Public Works Fund represent, sand, salt and asphalt products and other expendable supplies held for consumption.

Prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase in the governmental fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets used in governmental fund type operations are accounted for on the government-wide financial statements, rather than in the governmental fund financial statements. The County has capitalized infrastructure assets consisting of bridges, curbs and gutters and drainage systems purchased or constructed since January 1902. Highways and roads purchased or constructed since January 1951 have been capitalized.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the estimated fair value on the date donated. The County capitalizes capital assets with a value of \$1,000 or more.

Effective January 1, 2009, the County has elected to retroactively report its intangible assets, right-of-way easements, to include all purchases subsequent to December 31, 1990. Intangible assets with indefinite useful lives, such as right-of-way easements, are not amortized under the provisions of Governmental Accounting Standards Board Statement No. 51.

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset Type</u>	<u>Estimated Useful Life</u>
Buildings	10 to 50 years
Improvements other than buildings	5 to 15 years
Machinery and equipment	3 to 10 years
Infrastructure – roads and roadbeds	5 to 40 years
Infrastructure – bridges	35 to 70 years

Compensated absences

During 2003, the County implemented a paid time off (PTO) policy to replace the former vacation, sick and bereavement leave policies. PTO hours are earned based on years of service with the County and range from 130 hours per year for employees with less than one year of service to 234 hours per year for employees with fifteen or more years of service. The maximum PTO that may be accumulated as of an employee's anniversary date is 520 hours. At termination of employment, an employee shall be reimbursed for all accumulated PTO time, up to 520 hours, at an amount equal to 100% of the employee's hourly wage at the time of termination.

Accrued liabilities and long-term debt

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

reported as obligations of the funds. However, claims and judgments, compensated absences, general obligation bonds and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System, which is a cost-sharing multi-employer statewide pension plan. The County's policy is to fund all pension costs determined annually by the system's actuary.

Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. During 1993, the County established the Insurance Reserve Fund to cover deductibles and other liabilities related to its risk of loss for these types of risks.

In December 1993, the County established a self-insurance health insurance program (Employee Benefits Plan Fund, an internal service fund) for employees for which it retains risk of loss with certain limitations. The County's retained risk is limited through stop loss insurance coverage carried with a commercial insurance carrier. This policy provides for complete insurance coverage after the County has incurred \$75,000 of claims for any individual, in any one plan year, and also limits the County's paid claims to 100% of expected claims computed on a cumulative basis by month for any plan year. All County funds incurring payroll expenditures participate in the program and make payments to the Employee Benefits Plan Fund (which includes employee and employer contributions) based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$77,227 at December 31, 2016 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount for 2015 and 2016 were as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim Payments	Balance at <u>Year end</u>
2015	\$ 52,076	\$ 1,539,598	\$1,516,869	\$ 74,805
2016	74,805	1,915,765	1,913,343	77,227

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County reports all other risk management activities in its General Fund. These liabilities would include payments to cover deductibles and other claims not covered through commercial insurance coverage's for property and liability losses. At December 31, 2016 there were no outstanding liabilities for these types of risks. Changes in the reported liability amount for 2015 and 2016 were as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance at <u>Year end</u>
2015	\$ -	\$ -	\$ -	\$ -
2016	-	-	-	-

At December 31, 2016, General Fund cash and short-term investments of \$1,049,749 were held for purposes of funding the County's current accrued liabilities and future claims liabilities. As a result, \$1,049,749 of the General Fund balance is committed for payment of future claims liabilities.

Under Kansas budgetary principles, the County accounts for its self-insurance reserve activities in a separate fund, which is not subject to annual budgetary appropriation. However, the financial statements prepared in accordance with generally accepted accounting principles include the County's self-insurance reserve activities in the General Fund.

Deferred Inflows of Resources/Deferred Outflows of Resources

A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. The County has identified changes in the pension liability proportion and differences between expected and actual experience as financial balances that meet the definition of a deferred outflow of resources. In addition, the deferred charges related to the general obligation refunding bond transaction is also identified as a deferred outflow of resources. The County had identified property taxes receivable and pension related items of differences between expected and actual experience, differences between projected and actual investment earnings, change in assumptions and change in pension liability proportion as financial balances that meet the definition of deferred inflows of resources.

Equity Classifications

In the government-wide financial statements, equity is reflected as net position and classified into three components:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Invested in capital assets, net – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction or improvements of those assets.
- Restricted net position – consisting of net position with constraints place on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the County's policy is to apply restricted net position first.
- Unrestricted net position – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net".

As prescribed by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental fund balance classifications are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be expended. In the governmental funds financial statements, equity is classified into potentially five components:

- Nonspendable – Assets that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained in tact.
- Restricted – Assets with externally imposed constraints such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.
- Committed – Assets with a purpose formally imposed by resolution by the Board of County Commissioners, binding unless modified or rescinded by the Board of County Commissioners.
- Assigned – Comprised of amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the County Commission or (2) a body or official to whom the County Commission has delegated the authority to assign amounts to be used for specific purposes as prescribed by the County's policies. The County Administrator/Financial Manager has been delegated authority to assign amounts for specific purposes within the County's established policies.
- Unassigned – All amounts not included in the other fund balance classifications. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In circumstances when expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

The County has no formal fund balance policy to maintain a minimum unrestricted fund balance fund for any County funds.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Deposits and investments

At December 31, 2016 the County had the following investments:

<u>Investment Type</u>	<u>Carrying Amount/ Fair Value</u>	<u>Cost</u>	<u>Weighted Average Months to Maturity</u>	<u>Rating</u>
Kansas Municipal Investment Pool – Overnight	\$ 36,323,854	\$ 36,323,854	.03	S&P AA+/S1+

Kansas Statutes Annotated (K.S.A.) 9-1401 establishes the depositories that may be used by governmental entities in Kansas. The statute requires banks eligible to hold the County's funds have a main or branch bank in the county, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance Corporation coverage. The County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The County has no investment policy that would further limit its investment choices. The rating of the County's investments is noted above.

2. DEPOSITS AND INVESTMENTS (continued)

Concentration of credit risk

State statutes place no limit on the amount the County may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The County's allocation of investments as of December 31, 2016, is as follows:

<u>Investment</u>	<u>Percentage of Investments</u>
Kansas Municipal Investment Pool	100%

The Kansas State Treasurer, under the oversight of the Pooled Money Investment Board, manages the Municipal Investment Pool. The Pooled Money Investment Board is comprised of five members, four being appointed by the Governor of the State of Kansas, subject to confirmation by the State Senate, and the fifth member is the State Treasurer. Investments by the State Treasurer of pooled moneys are limited to those investments defined by State statute and each participant's fair value of their position in the pool is the same as their value of the pool shares. The investments with the Kansas Municipal Investment Pool are not subject to pledged security statutes.

Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County's deposits may not be returned to the County. State statutes require the County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipts issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, Kansas.

At year-end, the carrying amount of the County's deposits was \$6,133,476 with the bank balances of such accounts being \$6,173,029. Of the bank balances, \$1,786,605 was covered by federal depository insurance and the remaining balance of \$4,386,424 was covered by collateral held by the County's custodial banks in joint custody in the name of the County and its banks. The fair value of the pledged securities held by the County's custodial banks was \$12,881,271 at December 31, 2016.

At year-end the carrying amount of the County's discretely presented component unit deposits was \$134,476 with the bank balances of such accounts being \$144,310. The bank balances of the County's discretely presented component unit were entirely covered by federal depository insurance at December 31, 2016.

Custodial credit risk – investments

For an investment, this is the risk that, in the event of failure of the issuer or counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State statutes require investments to be adequately secured.

2. DEPOSITS AND INVESTMENTS (continued)

At December 31, 2016, the County had invested \$36,323,854 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled moneys may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

A reconciliation of cash and investments as reported in the financial statements at December 31, 2016 is as follows:

Cash on hand	\$ 298,263
Carrying amount of deposits – primary government	6,133,476
Carrying amount of deposits – component unit	134,476
Carrying amount of investments – primary government	<u>36,323,854</u>
Total	<u>\$ 42,890,069</u>
Amounts per statements of net position:	
Cash and investments – primary government	\$ 12,274,533
Cash and investments – component unit	134,476
Cash and investments held in fiduciary funds	<u>30,481,060</u>
Total	<u>\$ 42,890,069</u>

3. CAPITAL ASSETS

A summary of changes in capital assets of the County for the year ended December 31, 2016 is as follows:

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,795,764	\$ –	\$ –	\$ 1,795,764
Intangibles	<u>614,107</u>	<u>–</u>	<u>–</u>	<u>614,107</u>

3. CAPITAL ASSETS (continued)

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Total assets not being depreciated	\$ 2,409,871	\$ —	\$ —	\$ 2,409,871
Capital assets being depreciated:				
Buildings	7,625,570	8,823	51,443	7,582,950
Improvements other than buildings	4,678,152	7,996	10,574	4,675,574
Infrastructure	88,296,120	2,412,175	6,668,381	84,039,914
Machinery and equipment	12,485,113	1,789,703	1,812,340	12,462,476
Total capital assets being depreciated	113,084,955	4,218,697	8,542,738	108,760,914
Less accumulated depreciation for:				
Buildings	4,303,406	220,002	51,443	4,471,965
Improvements other than buildings	2,799,747	126,904	10,574	2,916,077
Infrastructure	47,244,961	3,130,633	6,668,381	43,707,213
Machinery and equipment	11,003,783	654,493	1,812,340	9,845,936
Total accumu- lated depreciation	65,351,897	4,132,032	8,542,738	60,941,191
Total capital assets being depreciated, net	47,733,058	86,665	—	47,819,723
Governmental activities capital assets, net	\$ 50,142,929	\$ 86,665	\$ —	\$ 50,229,594

Depreciation expense was charged to function/programs of the primary government as follows:

3. CAPITAL ASSETS (continued)

General government	\$ 202,709
Public safety	363,393
Highways and streets, including infrastructure	3,511,768
Health and sanitation	23,829
Culture and recreation	28,846
Environmental protection	<u>1,487</u>
Total depreciation expense – governmental activities	<u>\$ 4,132,032</u>

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the County for the year ended December 31, 2016:

	Outstanding January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>Governmental Activities:</u>					
General obligation bonds	\$ 5,625,000	\$ 2,900,000	\$ 3,435,000	\$ 5,090,000	\$ 725,000
Premium on general obligation bonds	136,790	240,108	39,405	337,493	36,624
Net pension liability	5,593,227	1,847,244	687,084	6,753,387	–
Compensated absences	664,347	626,569	619,465	671,451	626,061
Other postemployment benefits	<u>733,902</u>	<u>100,341</u>	<u>7,892</u>	<u>826,351</u>	<u>–</u>
	<u>\$12,753,266</u>	<u>\$ 5,714,262</u>	<u>\$ 4,788,846</u>	<u>\$13,678,682</u>	<u>\$ 1,387,685</u>

General obligation bonds

General obligation bonds are serial bonds to be retired through calendar year 2033. At December 31, 2016 the bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Refunding and Improvement Bonds, Series 2013	2.00% – 4.00%	\$ 2,190,000
General Obligation Refunding Bonds, Series 2016	2.00 – 3.00%	<u>2,900,000</u>
		<u>\$ 5,090,000</u>

4. LONG-TERM DEBT (continued)

Remaining debt service requirements for general obligation bonds will be paid from the debt service fund with future property tax revenues and special assessment taxes. Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 725,000	\$ 140,168	\$ 865,168
2018	745,000	124,500	869,500
2019	550,000	105,950	655,950
2020	225,000	89,600	314,600
2021	235,000	83,000	318,000
2022	235,000	78,300	313,300
2023	245,000	71,250	316,250
2024	190,000	63,900	253,900
2025	200,000	58,200	258,200
2026	200,000	52,200	252,200
2027	210,000	46,200	256,200
2028	215,000	39,900	254,900
2029	210,000	33,450	243,450
2030	215,000	27,150	242,150
2031	220,000	20,700	240,700
2032	230,000	14,100	244,100
2033	<u>240,000</u>	<u>7,200</u>	<u>247,200</u>
	<u>\$ 5,090,000</u>	<u>\$ 1,055,768</u>	<u>\$ 6,145,768</u>

During 2013, the County issued \$7,050,000 of General Obligation Refunding and Improvement Bonds, Series 2013 bearing interest from 2.00% to 4.00% to provide permanent financing for the solid waste landfill project (\$5,155,000) and to advance refund the County's outstanding General Obligation Refunding Bonds, Series 2004 bonds maturing in 2014 and thereafter (\$1,895,000). The Series 2013 bonds, maturing on August 1, 2021 and thereafter, may be called for redemption and payment prior to their stated maturity on August 1, 2020, and thereafter as a whole or in part, at any time, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date established for such redemption.

During 2016, the County issued \$2,900,000 of General Obligation Refunding Bonds, Series 2016 bearing interest from 2.00% to 3.00% to advance refund the County's outstanding General Obligation Refunding and Improvement Bonds, Series 2013 maturing in 2021 and thereafter (\$2,735,000). The Series 2016 Bonds, maturing on August 1, 2028, and thereafter, may be called for redemption and payment prior to their stated maturity on August 1, 2028, and thereafter as a whole or in part, at any time, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date established for such redemption.

4. LONG-TERM DEBT (continued)

Applicable State statutes limit the outstanding bonded indebtedness of the County to 3% of the assessed value of all tangible taxable property within the County. At December 31, 2016, the County's legal debt margin was \$13,490,707.

Net pension liability

The net pension liability is principally liquidated from the County's Employee Benefits Fund.

Compensated absences

Compensated absences are to be paid from various funds in the same proportion that those funds pay payroll costs. The County's projected liability for compensated absences at December 31, 2016 is \$671,451, of which 55% is assignable to the General Fund, 28% to the Public Works Fund and 17% to other nonmajor funds.

Other postemployment benefits

The other postemployment benefit obligation is principally liquidated from the Employee Benefits Fund.

Conduit debt

The County has issued limited obligation bonds for the purpose of financing capital activities of unrelated third parties. Although conduit debt obligations bear the name of the County, they are payable solely from resources provided by leases or loans with the third parties on whose behalf they were issued. The bonds do not constitute an indebtedness or pledge of the faith or credit of McPherson County, and accordingly, are not included as liabilities in the accompanying financial statements. The following is a summary of conduit debt transactions for the year ended December 31, 2016:

	Outstanding January 1, 2016	Additions	Deletions	Outstanding December 31, 2016
McPherson County, Kansas				
Taxable Industrial				
Revenue Bonds, Series				
2011 – Mid-Kansas				
Cooperative Association	\$ 5,000,000	\$ —	\$ —	\$ 5,000,000
McPherson County, Kansas				
Taxable Industrial				
Revenue Bonds, Series				
2014 – Producer AG, LLC	22,000,000	—	—	22,000,000

4. LONG-TERM DEBT (continued)

	Outstanding January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2016</u>
McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2015 A – Prairieland Partners	\$ —	\$ 6,968,572	\$ 194,423	\$ 6,774,149
McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2015 B – Prairieland Partners	—	3,000,000	—	3,000,000
McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2016 – Mid-Kansas Cooperating Association	—	4,000,000	—	4,000,000
McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2016 – Producer AG, LLC	<u>—</u>	<u>14,000,000</u>	<u>—</u>	<u>14,000,000</u>
	<u>\$ 27,000,000</u>	<u>\$ 27,968,572</u>	<u>\$ 194,423</u>	<u>\$ 54,774,149</u>

5. INTERFUND TRANSFERS

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. A summary of 2016 interfund transfers by individual fund is as follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
Major Funds:		
General	\$ 13,760	\$ 434,365
Public Works	—	1,000,000
Special Landfill	—	90,575
Highway Improvement Reserve	500,000	—
Solid Waste Project	<u>4,365</u>	<u>—</u>
Total transfers for major funds	<u>518,125</u>	<u>1,524,940</u>

5. INTERFUND TRANSFERS (continued)

	Transfers <u>In</u>	Transfers <u>Out</u>
Nonmajor Governmental Funds:		
Noxious Weeds	\$ —	\$ 24,000
Motor Vehicle Department	—	13,760
Landfill Remediation	90,575	—
Capital Improvement Reserve	270,000	—
Capital Equipment Reserve	160,000	—
Highway Machinery and Equipment Reserve	500,000	—
Noxious Weed Capital Reserve	<u>24,000</u>	<u>—</u>
Total transfers for nonmajor governmental funds	<u>1,044,575</u>	<u>37,760</u>
Total transfers	<u>\$ 1,562,700</u>	<u>\$ 1,562,700</u>

The transfers from the Public Works, Special Landfill and Noxious Weeds Funds are non-routine transfers to nonmajor governmental funds to increase reserves for anticipated future improvements and equipment replacement costs to be incurred in the respective reserve funds. In addition, the transfer received by the General Fund from the Motor Vehicle Department Fund is the result of excess resources held by that fund from its 2015 operations.

The General Fund also incurred a non-routine transfer to the Solid Waste Project Fund in the amount of \$4,365 to fund final costs incurred to complete that project.

6. PENSION PLAN

Plan description

The County participates in the Kansas Public Employees Retirement System, a cost sharing multiple employer defined benefit pension plan. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74-4901 *et. seq.*:

- Public employees, which includes:
 - State/School employees
 - Local employees
- Police and Firemen
- Judges

6. PENSION PLAN (continued)

Substantially all public employees in Kansas are covered by the Pension Plan. The State of Kansas and Kansas schools are required to participate, while participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the County are included in the local employees group.

KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803, by calling 1-888-275-5737 or via KPERS website at www.kpers.org.

Benefits provided

KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. Members with ten or more years of credited service may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points".

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

6. PENSION PLAN (continued)

Contributions

Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employees, which includes the state and school employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.1% of total payroll for the fiscal year ended June 30, 2016.

The actuarially determined employer contribution rates and the statutory contribution rates for KPERS employees (not including the 1% contribution rate for the Death and Disability Program) are 9.18% for the local employees group. Member contribution rates as a percentage of eligible compensation for the fiscal year 2016 are 6% for KPERS employees.

The 2015 Legislature passed and the Governor approved Senate Bill 228, which authorized the issuance of \$1 billion in pension obligation bonds to improve the funding of the state/school group. The bonds were issued in August 2015 and deposited in the trust fund on August 20, 2015. This legislation reset the state/school statutory rate to 10.91%. In fiscal year 2015 for the state/school employer group, the Governor declared an allotment affecting the employer rate for the last two quarters of the fiscal year. The employer rate was reduced from 11.27% to 8.65%.

Employer Allocations

Although KPERS administers one cost sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions and fiduciary net position applicable to each group. The allocation percentages for each group as of June 30, 2016, are based on the ratio of each employer's contributions to total employer and nonemployer contributions of the group for

6. PENSION PLAN (continued)

the fiscal year ended June 30, 2016. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2016, the County's proportion was 0.436539%, which was an increase of 0.010565% from its proportion measured at June 30, 2015.

Receivables

In addition to statutorily determined contractually required contributions, certain agencies also make payments through an additional component of their required employer contribution rate or annual installment payments, both options include interest at 8 percent per year, for the cost of service credits granted retroactively when the agencies initially joined the retirement system. As of June 30, 2016, the outstanding balance was \$6,327,937. These payments are due over various time periods up through December 31, 2032.

The 2016 Legislature passed and the Governor approved Senate Bill 161, authorizing the delay of up to \$100 million in KPERS state/school contributions. The bill requires that the delayed fiscal year 2016 contributions be paid by June 30, 2018, with interest at 8 percent. The long-term receivable of the delayed contributions plus interest at June 30, 2016, totals \$99,022,353 and has been included in the state/school contributions at June 30, 2016.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At December 31, 2016, the County reported a liability of \$6,753,387 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2016, the County recognized pension expense of \$687,084. At December 31, 2016 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
County contributions subsequent to the measurement date	\$ 343,225	\$ —
Differences between expected and actual experience	39,197	121,892
Net difference between projected and actual earnings on pension plan investments	797,776	—
Changes in assumptions	—	63,174
Changes in proportion	<u>141,349</u>	<u>8,794</u>
Total	<u>\$ 1,321,547</u>	<u>\$ 193,860</u>

6. PENSION PLAN (continued)

The County reported \$343,225 as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows or (deferred inflows) of resources and related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2017	\$ 92,751
2018	92,751
2019	338,032
2020	241,326
2021	19,602
Thereafter	—

Actuarial assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	— 3.0 percent
Wage inflation	— 4.0 percent
Salary increases	— 4.00 percent to 16.00 percent, including inflation
Investment rate of return	— 8.00 percent, net of investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study conducted for the three-year period ending December 31, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major assets class included in the pension plan's target asset allocations as of June 30, 2016) are summarized in the following table:

6. PENSION PLAN (continued)

<u>Asset Class</u>	<u>June 30, 2016</u>	
	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	47.00%	6.80%
Fixed Income	13.00	1.25
Yield Driven	8.00	6.55
Real Return	11.00	1.71
Real Estate	11.00	5.05
Alternatives	8.00	9.85
Short-Term Investments	<u>2.00</u>	(0.25)
Total	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firemen and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the net pension liability of the Pension Plan as of June 30, 2016 calculated using the discount rate of 8.00%, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

6. PENSION PLAN (continued)

	June 30, 2016		
	1.00% Decrease (7.00%)	Current Discount Rate (8.00%)	1.00% Increase (9.00%)
Net pension liability	\$9,256,609	\$6,753,387	\$4,630,850

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

7. OPERATING LEASES

On July 1, 1999, the County purchased an office building located adjacent to the County Courthouse from Bank of America and entered into a lease agreement with the seller for use of a portion of the building. The initial lease term was for five years with an option to renew the lease for two successive additional five-year terms, which were exercised by the tenant. During 2013 the leased space was substantially reduced and the lease commitment was changed to a month-to-month lease. Certain other individuals and organizations rent space in the building, also on a month-to-month lease arrangement. Total lease rentals from the facility during 2016 were \$32,257.

8. JOINT VENTURES

McPherson Area Solid Waste Utility

Effective July 17, 1991, the County entered into an interlocal agreement, authorized by State statutes, with the eight cities located within McPherson County to form the McPherson Area Solid Waste Utility (the Utility). The purpose of the Utility is to assist its Members in planning, technical and financial matters for comprehensive solid waste management and accomplish the desired objectives of an effective countywide solid waste management program, including the operation of a cooperative solid waste management program and the operation of a cooperative solid waste processing and disposal system for the benefit of all Members. The Utility is managed by a Board of Directors consisting of 3 Directors. The Directors are selected by the governing bodies of the Members, except that one Director is selected by the small cities within the County. Representation on the Board of Directors is as follows: City of McPherson – 1 Director; McPherson County – 1 Director; and Small Cities – 1 Director.

The agreement and the Utility may be terminated by written consent of at least two-thirds of the Members, provided that prior to such termination all contractual obligations and indebtedness of the Utility have been paid in full or sufficient resources have been placed

8. JOINT VENTURES (continued)

in escrow for the payment of such obligations in full when due. Upon such termination, the Board of Directors shall liquidate the Utility and distribute the assets in a manner that, in its discretion, it deems appropriate. Accordingly, any ongoing financial interest or access to the Utility's resources is indeterminable until its Board of Directors takes such action. In addition, no Member shall be permitted to withdraw for twenty years or such sooner time unless provision has been made for the payment or discharge of the debt incurred by the County or assumed by the Utility. Any withdrawing Member shall not be entitled to distribution of any real or personal property of the Utility by reason of its withdrawal.

The Board of Directors shall determine the methods of obtaining financing for the Utility. As discussed in Note 4, the County has provided the financing for the acquisition of land to be used as a site for disposal of refuse, constructing structures and acquiring equipment necessary for the sanitary disposal of refuse in McPherson County. Effective January 1, 1992, the fiscal accounting and operations of the Utility were transferred from McPherson County to management of the Utility.

Condensed audited financial information of the McPherson Area Solid Waste Utility as of and for the year ended December 31, 2016 is as follows:

Total assets and deferred outflows of resources	\$ 16,044,896
Total liabilities and deferred inflows of resources	8,007,019
Total net position	8,037,877
Total revenue	6,311,045
Total expenses	5,822,110
Increase in net position	488,935

Complete financial statements for the McPherson Area Solid Waste Utility may be obtained from the administrative offices of the entity at 1431 17th Avenue, McPherson, Kansas 67460.

McPherson Airport Authority

The McPherson Airport Authority (Authority) is comprised of 5 members with 2 appointed by the Board of County Commissioners, 2 appointed by the McPherson City Commission and 1 appointed at-large by the other four members. Each entity provides ongoing financial responsibility through annual appropriations for the operation of the airport on an equal basis, as determined through the preparation of an annual operating budget. The City of McPherson and McPherson County provide their funding through each entity's General Fund. The Authority does not have bonded indebtedness authority however; either entity may issue general obligation bonds on behalf of the Authority, subject to approval by the qualified electors of the issuing entity. Currently, there is no outstanding indebtedness of either entity for the Authority. The Authority provides for the fiscal management and the day-to-day operations of the airport. Title to certain of the airport property is held by the City of McPherson, McPherson County and also by the McPherson Airport Authority. The County has capitalized its investment in the facility, which is reflected in the statement of net position, in the amount of \$3,463,291. Those capital assets include assets not being

8. JOINT VENTURES (continued)

depreciated of \$657,000 and assets being depreciated of \$2,806,291, which has accumulated depreciation of \$1,650,842 at December 31, 2016. Complete financial information for the McPherson Airport Authority may be obtained from the administrative offices of the City of McPherson, 400 East Kansas, McPherson, Kansas 67460.

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The County sponsors a single-employer defined benefit healthcare plan that provides healthcare benefits, including medical and dental, to retirees. Retiree health coverage is provided for under K.S.A. 12-5040. Employees who retire with at least 10 years of cumulative service with the County and commence retirement or disability benefits under the Kansas Public Employee Retirement System (KPERS) are eligible for benefits. The funding policy of the County is to pay benefits through its self-insured Employee Benefits Plan Fund.

County retirees pay the same premiums charged to current employees for medical and dental coverage. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these two amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 45 (GASB Statement No. 45).

Retirees and spouses have the same benefit as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches the Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies.

Membership in the Plan comprised the following at January 1, 2016:

Active employees	179
Retired participants medical	2

Funding Policy

The contributions of the plan members and the County are established and may be amended by the County Commission. The required contribution is based on pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. County retirees pay 100% of their healthcare premiums; the County is not required to share costs of retiree premiums.

The County's contributions to the plan for the year ended December 31, 2016 were \$1,376,573, of which 83% was paid from the Employee Benefits Fund and 17% from other nonmajor funds.

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarially determined liabilities (or funding excess) over a period not to exceed thirty years. The following tables show the components of the County's OPEB cost for 2016:

<u>Annual OPEB Cost and Obligation for 2016</u>	<u>Amount</u>
Annual required contribution (ARC)	\$111,794
Interest on net OPEB obligation	29,356
Adjustment to ARC	<u>(40,809)</u>
Annual OPEB cost (expense)	100,341
Contributions made	<u>(7,892)</u>
Increase in net OPEB obligation	92,449
Net OPEB obligation – beginning of year	<u>733,902</u>
Net OPEB obligation – end of year	<u>\$826,351</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016, and the eight preceding years, is as follows:

<u>Year Ended</u>	<u>OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
12-31-08	\$ 93,213	5.3%	\$ 60,772
12-31-09	101,224	4.9%	178,025
12-31-10	93,613	5.3%	266,722
12-31-11	95,945	2.6%	360,158
12-31-12	95,945	2.6%	453,594
12-31-13	95,945	2.6%	547,030
12-31-14	106,482	12.25%	640,466
12-31-15	109,396	14.59%	733,902
12-31-16	100,341	7.86%	826,351

Funded Status and Funding Progress

As of December 31, 2016, the plan was not funded. The actuarial accrued liability for benefits was \$826,351, and there were no actuarial assets, resulting in an unfunded

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

actuarial accrued liability (UAAL) of \$826,351. The covered payroll (annual payroll of active employees covered by the plan) was \$7,938,751, and the ratio of the UAAL to the covered payroll was 10.4%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and, actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future.

In the January 1, 2016, actuarial valuation (the most recent actuarial valuation received by the County), the entry age normal actuarial cost method was used. The actuarial assumptions included a 2.5% percent investment rate of return, an annual healthcare cost trend rate of 5%, and assumed inflation rate of 3% and projected salary increases at 2.5%. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a period of 30 years.

10. ADVANCE REFUNDING

On July 26, 2016, the County entered into an advance refunding transaction whereby it issued \$2,900,000 of General Obligation Refunding Bonds, Series 2016, with interest rates from 2.00% to 3.00%, to advance refund \$2,735,000 of outstanding General Obligation Refunding and Improvement Bonds, Series 2013 with interest rates from 3.00% to 4.00%. Proceeds from the Series 2016 Bonds, including the net premium received thereon, in the amount of \$240,108, were placed in an irrevocable trust with the County's escrow paying agent, the Security Bank of Kansas City, Kansas City, Kansas, to provide for the principal amount and interest to the call date, August 1, 2020, to advance refund the General Obligation Refunding and Improvement Bonds, Series 2013 maturing on August 1, 2021 to August 1, 2033.

10. ADVANCE REFUNDING (continued)

The County entered into the refunding transaction for the Series 2016 General Obligation Refunding Bonds to reduce its total debt service payments over the next 13 years by \$120,669 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$110,487.

11. TAX ABATEMENTS

In the current year, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. The objective of GASB Statement No. 77 is to improve financial reporting by giving financial statement users essential information regarding the nature and magnitude of tax abatements.

McPherson County issues two types of tax abatements: (1) Economic Development Tax Exemption (EDX) and (2) Industrial Revenue Bond Exemption (IRB). EDX authority is given to local units of government in Article II, Section 13 of the Kansas Constitution. IRB exemptions authority is K.S.A. 12-1740 et. seq. Eligible properties for economic development tax exemptions are new or existing business engaged in manufacturing articles of commerce, conducting research and development, or storing goods or commodities which are sold or traded in interstate commerce.

The County's Tax Exemption Policy allows tax abatements that meet the guidelines for EDX and IRB tax exemptions under Kansas law. The County considers granting an exemption incentive upon a clear and factual showing of direct economic benefit to the County or City in which the property is located. Factors considered in determining the amount and term of a tax exemption incentive include, but not limited to: increased employment and earnings, additional revenues from new or expanded business, types of jobs created, degree to which the business improves diversification of the economy, potential for future expansion and additional job creation, utilization of local products or materials in manufacturing and the additional direct and indirect public costs for additional infrastructure. All applications require a Cost Benefit Analysis per Kansas regulations, which can be prepared by an independent consultant or Kansas Department of Commerce.

The business is required to report any change in ownership of exempt assets which requires a new application for property tax exemption.

There is an annual requirement that the business submit an Annual Claim for Exemption from Property Taxation form with the County Appraiser. The annual review of the business report by the County is to insure that the ownership and use of the property and any other qualifying criteria of the business for the tax exemption incentive shall continue to exist.

All applications and records pertaining to a property tax exemption request shall be subject to the provisions of the Kansas Open Records Act. Any business records or information eligible to remain confidential will be kept confidential only if requested by the applicant.

11. TAX ABATEMENTS (continued)

The County has no provisions to recapture abated taxes if the business does not meet initial new employment or salary estimates used in the preparation of the initial Cost Benefit Analysis. If the use changes to another qualifying use the annual tax abatement will most likely continue following review of the Annual Claim for Exemption Form. The tax abatement incentive is cancelled for any business that ceases to operate or no longer is considered an eligible property.

Property tax incentives issued by McPherson County are abated based on the new or expanded costs of improvements at 100% of the cost of the improvements. Per Kansas law, machinery and equipment placed in use by a business after June 30, 2006 is exempt from ad valorem taxes.

The County has made no commitments others than reduced taxes to business receiving tax abatement incentives.

McPherson County negotiates property tax abatement agreements on an individual basis. The abated taxes reflect the amounts that would have been levied on behalf of the County on the 2015 tax roll to fund expenditures during the calendar year 2016 were it not for an exemption.

A summary of economic development tax abatements for 2016 is as follows:

<u>Location of Exempt Property</u>	<u>Amount</u>
IRB Tax Abatements:	
County	\$ 468,270
Cities	<u>30,819</u>
Total IRB Abated Taxes	499,089
EDX Tax Abatements:	
County	<u>3,468</u>
Total abatements	<u>\$ 502,557</u>

12. COMMITMENTS AND CONTINGENCIES

Landfill

The McPherson Area Solid Waste Utility (the Utility), of which McPherson County is a member (Note 8), is subject to State and federal laws and regulations which require the Utility to place a final cover on the present landfill site when it discontinues accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Utility is responsible for operating and other costs including closure and post closure costs while it is in existence. At December 31, 2016, the Utility

12. COMMITMENTS AND CONTINGENCIES (continued)

has accrued \$699,494 for closure and post-closure costs. The municipal solid waste landfill operations were suspended during 2001 with the final closure of this portion of the landfill being completed during 2002. The Kansas Department of Health and Environment (KDHE) has approved the County's new Subtitle D landfill facility with one active cell being opened during 2014.

Regulations require that the Utility demonstrate financial strength of local governments (members) by financial test, or the substitution of a trust fund, letter of credit, surety bond or insurance policy to meet the estimated costs to be incurred for closure and post closure of the landfill. Although the Utility assumed responsibility for the operating and other costs, including closure and post closure costs, McPherson County, as the "owner" of the landfill, must ultimately demonstrate compliance with the financial assurance regulations. The County's distributions to the Utility for 2016 and 2015 (funded through special assessments on real property in the County) were \$1,177,400 and \$1,630,000, respectively, in each year. The County submitted its financial test information to the Kansas Department of Health and Environment in August 2016 and has received correspondence that the County has complied with the financial test requirements for the year ended December 31, 2015. The financial test requirement must be complied with on an annual basis and the County is currently preparing the financial test information for the year ended December 31, 2016. Any possible contributions by Utility Members required to fund post closure requirements is not determinable at this time. Any such contributions required to be made by McPherson County could be funded through special assessments on real property in the County, through the issuance of general obligation bonds, through current resources available to the County, or any combination thereof.

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2016, the County Commission approved the purchase of roadway maintenance materials and hauling of such in the amount of \$881,780. In addition, the County Commission approved the reconstruction of a County bridge at a cost of \$598,797.

Management has evaluated subsequent events through July 27, 2017, the date on which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

McPHERSON COUNTY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (b - a)</u>	<u>Funded Ratio (a ÷ b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percent of Covered Payroll ((b - a) ÷ c)</u>
1/1/08	\$ —	\$ 1,163,503	\$ 1,163,503	0.0%	\$ 6,755,229	17.2%
1/1/10	—	1,141,748	1,141,748	0.0%	7,148,177	16.0%
1/1/12 *	—	1,141,748	1,141,748	0.0%	7,287,374	15.7%
1/1/14 *	—	1,141,748	1,141,748	0.0%	7,359,382	15.5%
1/1/16	—	826,351	826,351	0.0%	7,938,751	10.4%

* – Actuarial valuation not received for this date and estimated amounts are based on the previous actuarial valuation date.

McPHERSON COUNTY, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
KPERS PENSION PLAN

Schedule of County's Proportionate Share of the Net Pension Liability
Last Four Years *

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
County's proportionate percentage of the net pension liability	.436539%	.425974%	.426883%	.424390%
County's proportionate share of the net pension liability	\$ 6,753,387	\$ 5,593,227	\$ 5,254,132	\$ 6,459,560
County's covered employee payroll	\$ 7,606,634	\$ 6,871,477	\$ 6,649,299	\$ 6,578,804
County's proportionate share of the net pension liability as a percentage of its covered employee payroll	88.78%	81.40%	79.02%	98.19%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	71.98%	72.56%	64.56%

Schedule of County's Contributions
Last Four Years *

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 687,084	\$ 695,303	\$ 686,902	\$ 597,541
Contributions in relation to the contractually required contribution	<u>(687,084)</u>	<u>(695,303)</u>	<u>(686,902)</u>	<u>(597,541)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
County's covered employee payroll	\$ 7,483,354	\$ 7,334,420	\$ 7,770,385	\$ 7,525,705
Contributions as a percentage of covered employee payroll	9.18%	9.48%	8.84%	7.94%

* — Data became available with the inception of GASB Statement No. 68 during fiscal year 2015, therefore 10 years of data is unavailable.

**COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES**

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources which are used to finance specified activities as required by law or administrative regulation. The following nonmajor Special Revenue Funds are reported:

Community Corrections Fund – to account for the resources provided through federal and state assistance programs utilized for the development, implementation, operation and improvement of community correctional services for McPherson and Harvey Counties.

Health Fund – to account for the operations of public health services. Financing is provided by property taxes and through state assistance programs.

Noxious Weeds Fund – to account for the operations of the Noxious Weed Department for the control and eradication of noxious weeds. Financing is provided through property taxes and sales of chemicals to County residents.

Special Alcohol Fund – to account for alcohol abuse services for County residents. Financing is provided through a statewide alcoholic liquor tax.

Special Parks and Recreation Fund – to account for park and recreation services for County residents. Financing is provided through a statewide alcoholic liquor tax.

Court Trustee Fund – to account for the activities related to the District Court appointed trustee for the enforcement of support imposed by any court order, decree or judgment for child support and maintenance.

Telephone Tax Fund – to account for the fees charged to County telephone subscribers for the acquisition and implementation of an emergency Countywide 911 telephone response system.

Technology – Register of Deeds Fund – to accumulate resources for new or replacement office equipment. Financing is provided through fees collected by the Register of Deeds office.

Cellular 911 Telephone Tax Fund – to account for the fees charged to County telephone subscribers under provisions of the “Kansas 911 Act” and such fees shall be used for implementation of 911 services, purchase of 911 equipment, maintenance and license fees for 911 equipment, training of personnel, monthly reoccurring charges billed by service providers, capital improvements and equipment or other physical enhancements to the 911 system, and the original acquisition and installation of road signs designed to aid in the delivery of emergency service.

Community Developmental Disability Organization (CDDO) Fund – the CDDO functions as the point of entry for services and determines eligibility for individuals needing services. The CDDO ensures that service providers comply with rules and regulations concerning individual rights and responsibilities, health, nutrition, record keeping and person centered support planning. Resources are provided by State grant proceeds and charges for services rendered.

Technology – County Treasurer Fund – to accumulate resources for new or replacement office equipment. Financing is provided through fees collected by the County Treasurer's office.

Technology – County Clerk Fund – to accumulate resources for new or replacement office equipment. Financing is provided through fees collected by the County Clerk's office.

Oil and Gas Depletion Trust Fund – This fund holds excise tax on the production of oil and gas within the County. For any tax year that the oil and gas leasehold ad valorem valuation of the County is less than 50% of the oil and gas valuation of the County for the second succeeding tax year which commences January 1 following the end of the fiscal year in which the County had \$100,000 or more in receipts of the excise tax production, the Kansas Property Tax Valuation Division shall certify such oil and gas amounts and authorize the County Treasurer to release 20% of the moneys credited to the County's Oil and Gas Depletion Trust Fund to the County General Fund.

Prosecutor's Training and Assistance Fund – to account for the operations of conducting a continuing legal education program exclusively for duties as a prosecuting attorney. Financing is provided through fees levied on cases prosecuted by the District Court.

Law Enforcement Trust Fund – to account for the sale of property seized through law enforcement proceedings by the Sheriff's Department.

Motor Vehicle Department Fund – to account for the operations of the Motor Vehicle License Department. Financing is provided from fees collected on motor vehicle registration renewals and are established by State statute.

NONMAJOR CAPITAL PROJECT FUNDS

Landfill Remediation Reserve Fund – to accumulate resources to be used for remediation costs of the closed portion of the County's landfill.

Capital Improvement Reserve Fund – to accumulate resources to be used for new or replacement facilities and improvements. Financing is provided through annual transfers that must be budgeted and can be from any source which may be lawfully utilized for such purposes.

Capital Equipment Reserve Fund – to accumulate resources to be used for new or replacement equipment. Financing is provided through annual transfers that must be budgeted and can be from any source which may be lawfully utilized for such purposes.

Highway Machinery and Equipment Reserve Fund – to account for acquisitions of highway building machinery and equipment. Financing is provided for by transfers from the Road and Bridge fund at the discretion of the Board of County Commissioners, with certain limitations as provided in applicable state statutes.

Noxious Weed Capital Reserve Fund – to accumulate resources to be used for new or replacement equipment employed in the control and eradication of noxious weeds. Financing is provided through annual transfers that must be budgeted from the Noxious Weeds fund.

War Memorial Fund – to account for the maintenance of a war memorial established in McPherson County. Financing is provided through contributions and interest earnings on idle moneys.

NONMAJOR DEBT SERVICE FUNDS

Debt Service Fund - to account for the accumulation of resources for, and the payment of, interest and principal on general long-term general obligation debt of governmental funds.

McPHERSON COUNTY, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

December 31, 2016

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Total</u>
<u>ASSETS</u>				
Cash including short-term investments	\$ 1,535,948	\$ 8,911	\$ 3,703,569	\$ 5,248,428
Property tax receivable	406,213	—	—	406,213
Other accounts receivable	58,786	—	—	58,786
Due from other governmental units	<u>26,788</u>	<u>—</u>	<u>—</u>	<u>26,788</u>
Total	<u>\$ 2,027,735</u>	<u>\$ 8,911</u>	<u>\$ 3,703,569</u>	<u>\$ 5,740,215</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>				
Liabilities:				
Salaries and wages payable	\$ 48,447	\$ —	\$ —	\$ 48,447
Accounts payable	<u>18,205</u>	<u>—</u>	<u>—</u>	<u>18,205</u>
Total liabilities	<u>66,652</u>	<u>—</u>	<u>—</u>	<u>66,652</u>
Deferred inflows of resources:				
Property taxes receivable	<u>406,213</u>	<u>—</u>	<u>—</u>	<u>406,213</u>
Fund Balances:				
Restricted:				
General government	352,398	—	—	352,398
Public safety	687,304	—	—	687,304
Health and welfare	414,065	—	—	414,065
Environmental protection	73,633	—	—	73,633
Culture and recreation	27,470	—	—	27,470
Debt service	—	8,911	—	8,911
Committed:				
Capital improvements	—	—	1,529,220	1,529,220
Environmental protection	—	—	1,558,424	1,558,424
Highway improvements	<u>—</u>	<u>—</u>	<u>615,925</u>	<u>615,925</u>
Total fund balances	<u>1,554,870</u>	<u>8,911</u>	<u>3,703,569</u>	<u>5,267,350</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,027,735</u>	<u>\$ 8,911</u>	<u>\$ 3,703,569</u>	<u>\$ 5,740,215</u>

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year ended December 31, 2016

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Total</u>
Revenues:				
Taxes	\$ 666,788	\$ —	\$ 13,636	\$ 680,424
Intergovernmental	1,422,620	819,788	—	2,242,408
Licenses and permits	388,738	—	—	388,738
Charges for services	784,884	—	—	784,884
Use of money and property	104	—	—	104
Other	<u>1,333</u>	<u>—</u>	<u>—</u>	<u>1,333</u>
Total revenues	<u>3,264,467</u>	<u>819,788</u>	<u>13,636</u>	<u>4,097,891</u>
Expenditures:				
Current:				
General government	337,892	45,250	—	383,142
Public safety	1,441,975	—	—	1,441,975
Culture and recreation	28,829	—	—	28,829
Environmental protection	234,127	—	—	234,127
Health and welfare	1,148,262	—	—	1,148,262
Capital outlay	—	—	15,000	15,000
Debt Service	<u>—</u>	<u>819,788</u>	<u>—</u>	<u>819,788</u>
Total expenditures	<u>3,191,085</u>	<u>865,038</u>	<u>15,000</u>	<u>4,071,123</u>
Revenues over (under) expenditures	<u>73,382</u>	<u>(45,250)</u>	<u>(1,364)</u>	<u>26,768</u>
Other financing sources (uses):				
Issuance of general obligation refunding bonds	—	2,900,000	—	2,900,000
Premium on sale of general obligation refunding bonds	—	240,108	—	240,108
Payment to refunding bond escrow agent	—	(3,093,673)	—	(3,093,673)
Transfers in	—	—	1,044,575	1,044,575
Transfers out	<u>(37,760)</u>	<u>—</u>	<u>—</u>	<u>(37,760)</u>
Total other financing sources (uses)	<u>(37,760)</u>	<u>46,435</u>	<u>1,044,575</u>	<u>1,053,250</u>
Net change in fund balances	35,622	1,185	1,043,211	1,080,018
Fund balances, beginning of year	<u>1,519,248</u>	<u>7,726</u>	<u>2,660,358</u>	<u>4,187,332</u>
Fund balances, end of year	<u>\$ 1,554,870</u>	<u>\$ 8,911</u>	<u>\$ 3,703,569</u>	<u>\$ 5,267,350</u>

McPHERSON COUNTY, KANSAS

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2016

	Community Corrections	Health	Noxious Weeds	Special Alcohol	Special Parks and Recreation	Court Trustee	Technology - Register of Deeds	Cellular 911 Telephone Tax	Community Develop- mental Disability Organization	Technology - County Treasurer	Technology - County Clerk	Oil & Gas Depletion Trust	Prosecutor Training And Assistance	Law Enforce- ment Trust	Motor Vehicle Department	Total Nonmajor Special Revenue Funds
ASSETS																
Cash including short-term investments	\$ 119,186	\$ 198,177	\$ 76,889	\$ 15,627	\$ 27,470	\$ 138,879	\$ 156,966	\$ 437,333	\$ 130,191	\$ 17,203	\$ 17,615	\$ 139,645	\$ 7,445	\$ 13,192	\$ 40,130	\$ 1,535,948
Property tax receivable	-	174,502	151,449	-	-	-	-	-	80,262	-	-	-	-	-	-	406,213
Other accounts receivable	-	58,786	-	-	-	-	-	-	-	-	-	-	-	-	-	58,786
Due from other governmental units	-	26,788	-	-	-	-	-	-	-	-	-	-	-	-	-	26,788
Total	<u>\$ 119,186</u>	<u>\$ 458,253</u>	<u>\$ 228,338</u>	<u>\$ 15,627</u>	<u>\$ 27,470</u>	<u>\$ 138,879</u>	<u>\$ 156,966</u>	<u>\$ 437,333</u>	<u>\$ 210,453</u>	<u>\$ 17,203</u>	<u>\$ 17,615</u>	<u>\$ 139,645</u>	<u>\$ 7,445</u>	<u>\$ 13,192</u>	<u>\$ 40,130</u>	<u>\$ 2,027,735</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES																
Liabilities:																
Accounts payable	\$ -	\$ -	\$ 353	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,852	\$ 18,205
Accrued payroll	20,905	11,425	2,903	-	-	7,826	-	-	4,079	-	-	-	-	-	1,309	48,447
Total liabilities	<u>20,905</u>	<u>11,425</u>	<u>3,256</u>	<u>-</u>	<u>-</u>	<u>7,826</u>	<u>-</u>	<u>-</u>	<u>4,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,161</u>	<u>66,652</u>
Deferred inflows of resources:																
Property taxes receivable	-	174,502	151,449	-	-	-	-	-	80,262	-	-	-	-	-	-	406,213
Fund Balances:																
Restricted:																
General government	-	-	-	-	-	-	156,966	-	-	17,203	17,615	139,645	-	-	20,969	352,398
Public safety	98,281	-	-	-	-	131,053	-	437,333	-	-	-	-	7,445	13,192	-	687,304
Health and welfare	-	272,326	-	15,627	-	-	-	-	126,112	-	-	-	-	-	-	414,065
Environmental protection	-	-	73,633	-	-	-	-	-	-	-	-	-	-	-	-	73,633
Culture and recreation	-	-	-	-	27,470	-	-	-	-	-	-	-	-	-	-	27,470
Total fund balances	<u>98,281</u>	<u>272,326</u>	<u>73,633</u>	<u>15,627</u>	<u>27,470</u>	<u>131,053</u>	<u>156,966</u>	<u>437,333</u>	<u>126,112</u>	<u>17,203</u>	<u>17,615</u>	<u>139,645</u>	<u>7,445</u>	<u>13,192</u>	<u>20,969</u>	<u>1,554,870</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 119,186</u>	<u>\$ 458,253</u>	<u>\$ 228,338</u>	<u>\$ 15,627</u>	<u>\$ 27,470</u>	<u>\$ 138,879</u>	<u>\$ 156,966</u>	<u>\$ 437,333</u>	<u>\$ 210,453</u>	<u>\$ 17,203</u>	<u>\$ 17,615</u>	<u>\$ 139,645</u>	<u>\$ 7,445</u>	<u>\$ 13,192</u>	<u>\$ 40,130</u>	<u>\$ 2,027,735</u>

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

Year ended December 31, 2016

	Community Corrections	Health	Noxious Weeds	Special Alcohol	Special Parks and Recreation	Court Trustee	Technology – Register of Deeds	Cellular 911 Telephone Tax	Community Develop- mental Disability Organization	Technology – County Treasurer	Technology – County Clerk	Oil & Gas Depletion Trust	Prosecutor Training and Assistance	Law Enforce- ment Trust	Motor Vehicle Department	Total Nonmajor Special Revenue Funds
Revenues:																
Taxes	\$ -	\$ 200,171	\$ 154,292	\$ -	\$ -	\$ -	\$ -	\$ 198,175	\$ 114,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 666,788
Intergovernmental	926,079	198,956	-	11,861	8,991	-	-	-	276,733	-	-	-	-	-	-	1,422,620
Licenses and permits	-	-	-	-	-	323,955	43,140	-	-	10,768	10,875	-	-	-	-	388,738
Charges for services	32,516	316,916	75,252	-	-	-	-	-	19,980	-	-	-	3,170	12,291	324,759	784,884
Use of money and property	-	-	104	-	-	-	-	-	-	-	-	-	-	-	-	104
Other	-	-	-	-	-	1,333	-	-	-	-	-	-	-	-	-	1,333
Total revenues	<u>958,595</u>	<u>716,043</u>	<u>229,648</u>	<u>11,861</u>	<u>8,991</u>	<u>325,288</u>	<u>43,140</u>	<u>198,175</u>	<u>410,863</u>	<u>10,768</u>	<u>10,875</u>	<u>-</u>	<u>3,170</u>	<u>12,291</u>	<u>324,759</u>	<u>3,264,467</u>
Expenditures:																
General government	-	-	-	-	-	-	32,491	-	-	1,400	211	-	-	-	303,790	337,892
Public Safety	960,230	-	-	-	-	310,631	-	168,763	-	-	-	-	2,351	-	-	1,441,975
Culture and recreation	-	-	-	-	28,829	-	-	-	-	-	-	-	-	-	-	28,829
Environmental protection	-	-	234,127	-	-	-	-	-	-	-	-	-	-	-	-	234,127
Health and welfare	-	734,356	-	8,400	-	-	-	-	405,506	-	-	-	-	-	-	1,148,262
Total expenditures	<u>960,230</u>	<u>734,356</u>	<u>234,127</u>	<u>8,400</u>	<u>28,829</u>	<u>310,631</u>	<u>32,491</u>	<u>168,763</u>	<u>405,506</u>	<u>1,400</u>	<u>211</u>	<u>-</u>	<u>2,351</u>	<u>-</u>	<u>303,790</u>	<u>3,191,085</u>
Revenues over (under) expenditures	(1,635)	(18,313)	(4,479)	3,461	(19,838)	14,657	10,649	29,412	5,357	9,368	10,664	-	819	12,291	20,969	73,382
Other financing uses – transfers out	-	-	(24,000)	-	-	-	-	-	-	-	-	-	-	-	(13,760)	(37,760)
Net change in fund balances	(1,635)	(18,313)	(28,479)	3,461	(19,838)	14,657	10,649	29,412	5,357	9,368	10,664	-	819	12,291	7,209	35,622
Fund balances, beginning of year	<u>99,916</u>	<u>290,639</u>	<u>102,112</u>	<u>12,166</u>	<u>47,308</u>	<u>116,396</u>	<u>146,317</u>	<u>407,921</u>	<u>120,755</u>	<u>7,835</u>	<u>6,951</u>	<u>139,645</u>	<u>6,626</u>	<u>901</u>	<u>13,760</u>	<u>1,519,248</u>
Fund balances, end of year	<u>\$ 98,281</u>	<u>\$ 272,326</u>	<u>\$ 73,633</u>	<u>\$ 15,627</u>	<u>\$ 27,470</u>	<u>\$ 131,053</u>	<u>\$ 156,966</u>	<u>\$ 437,333</u>	<u>\$ 126,112</u>	<u>\$ 17,203</u>	<u>\$ 17,615</u>	<u>\$ 139,645</u>	<u>\$ 7,445</u>	<u>\$ 13,192</u>	<u>\$ 20,969</u>	<u>\$ 1,554,870</u>

McPHERSON COUNTY, KANSAS

COMMUNITY CORRECTIONS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental - State	\$ 900,000	\$ 900,000	\$ 926,079	\$ 26,079
Charges for services	<u>51,000</u>	<u>51,000</u>	<u>32,516</u>	<u>(18,484)</u>
Total revenues	<u>951,000</u>	<u>951,000</u>	<u>958,595</u>	<u>7,595</u>
Expenditures:				
Personal services	875,000	767,000	742,168	24,832
Contractual services	96,000	236,300	205,543	30,757
Commodities	25,000	14,800	12,519	2,281
Capital outlay	<u>10,800</u>	<u>31,900</u>	<u>—</u>	<u>31,900</u>
Total expenditures	<u>1,006,800</u>	<u>1,050,000</u>	<u>960,230</u>	<u>89,770</u>
Revenues over (under) expenditures	(55,800)	(99,000)	(1,635)	97,365
Fund balance, beginning of year	<u>122,262</u>	<u>99,916</u>	<u>99,916</u>	<u>—</u>
Fund balance, end of year	<u>\$ 66,462</u>	<u>\$ 916</u>	<u>\$ 98,281</u>	<u>\$ 97,365</u>

McPHERSON COUNTY, KANSAS

HEALTH FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 199,990	\$ 199,990	\$ 200,171	\$ 181
Intergovernmental	366,593	366,593	198,956	(167,637)
Charges for services	57,558	57,558	316,916	259,358
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>—</u>	<u>(20,000)</u>
Total revenues	<u>644,141</u>	<u>644,141</u>	<u>716,043</u>	<u>71,902</u>
Expenditures:				
Personal services	463,701	463,701	461,457	2,244
Contractual services	236,970	236,970	241,992	(5,022)
Commodities	21,858	21,858	14,842	7,016
Capital outlay	<u>16,000</u>	<u>16,000</u>	<u>16,065</u>	<u>(65)</u>
Total expenditures	<u>738,529</u>	<u>738,529</u>	<u>734,356</u>	<u>4,173</u>
Revenues over (under) expenditures	(94,388)	(94,388)	(18,313)	76,075
Fund balance, beginning of year	<u>94,388</u>	<u>94,388</u>	<u>290,639</u>	<u>196,251</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 272,326</u>	<u>\$ 272,326</u>

McPHERSON COUNTY, KANSAS

NOXIOUS WEEDS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 154,917	\$ 154,917	\$ 154,292	\$ (625)
Sale of chemicals and labor	114,000	114,000	75,252	(38,748)
Use of money and property	<u>1,200</u>	<u>1,200</u>	<u>104</u>	<u>(1,096)</u>
Total revenues	<u>270,117</u>	<u>270,117</u>	<u>229,648</u>	<u>(40,469)</u>
Expenditures and other uses:				
Personal services	109,700	109,700	104,924	4,776
Contractual services	22,060	22,060	19,074	2,986
Commodities	159,700	159,700	100,890	58,810
Capital outlay	4,000	4,000	9,239	(5,239)
Transfers out	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>	<u>—</u>
Total expenditures and other uses	<u>319,460</u>	<u>319,460</u>	<u>258,127</u>	<u>61,333</u>
Revenues over (under) expenditures and other uses	(49,343)	(49,343)	(28,479)	20,864
Fund balance, beginning of year	<u>49,343</u>	<u>49,343</u>	<u>102,112</u>	<u>52,769</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 73,633</u>	<u>\$ 73,633</u>

McPHERSON COUNTY, KANSAS

SPECIAL ALCOHOL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 6,430	\$ 6,430	\$ 11,861	\$ 5,431
Expenditures:				
Contractual services	<u>8,400</u>	<u>8,400</u>	<u>8,400</u>	<u>—</u>
Revenues over (under) expenditures	(1,970)	(1,970)	3,461	5,431
Fund balance, beginning of year	<u>12,508</u>	<u>12,508</u>	<u>12,166</u>	<u>(342)</u>
Fund balance, end of year	<u>\$ 10,538</u>	<u>\$ 10,538</u>	<u>\$ 15,627</u>	<u>\$ 5,089</u>

McPHERSON COUNTY, KANSAS

SPECIAL PARKS AND RECREATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 4,430	\$ 4,430	\$ 8,991	\$ 4,561
Expenditures:				
Contractual services	<u>28,876</u>	<u>28,876</u>	<u>28,829</u>	<u>47</u>
Revenues over (under) expenditures	(24,446)	(24,446)	(19,838)	4,608
Fund balance, beginning of year	<u>24,446</u>	<u>24,446</u>	<u>47,308</u>	<u>22,862</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 27,470</u>	<u>\$ 27,470</u>

McPHERSON COUNTY, KANSAS

COURT TRUSTEE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Licenses and fees	\$ 330,000	\$ 330,000	\$ 323,955	\$ (6,045)
Reimbursed expenditures	<u>—</u>	<u>—</u>	<u>1,333</u>	<u>1,333</u>
Total revenues	<u>330,000</u>	<u>330,000</u>	<u>325,288</u>	<u>(4,712)</u>
Expenditures:				
Personal services	297,522	297,522	270,688	26,834
Contractual services	25,000	25,000	30,095	(5,095)
Commodities	3,800	3,800	6,813	(3,013)
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>3,035</u>	<u>1,965</u>
Total expenditures	<u>331,322</u>	<u>331,322</u>	<u>310,631</u>	<u>20,691</u>
Revenues over (under) expenditures	(1,322)	(1,322)	14,657	15,979
Fund balance, beginning of year	<u>141,714</u>	<u>141,714</u>	<u>116,396</u>	<u>(25,318)</u>
Fund balance, end of year	<u>\$ 140,392</u>	<u>\$ 140,392</u>	<u>\$ 131,053</u>	<u>\$ (9,339)</u>

McPHERSON COUNTY, KANSAS

TELEPHONE TAX E911 FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Telephone tax	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>\$ 198,175</u>	<u>\$ 18,175</u>
Expenditures:				
Contractual services	<u>350,000</u>	<u>350,000</u>	<u>168,270</u>	<u>181,730</u>
Commodities	<u>—</u>	<u>—</u>	<u>493</u>	<u>(493)</u>
Total expenditures	<u>350,000</u>	<u>350,000</u>	<u>168,763</u>	<u>181,237</u>
Revenues over (under) expenditures	<u>(170,000)</u>	<u>(170,000)</u>	<u>29,412</u>	<u>199,412</u>
Fund balance, beginning of year	<u>358,705</u>	<u>358,705</u>	<u>407,921</u>	<u>49,216</u>
Fund balance, end of year	<u>\$ 188,705</u>	<u>\$ 188,705</u>	<u>\$ 437,333</u>	<u>\$ 248,628</u>

McPHERSON COUNTY, KANSAS

TECHNOLOGY – REGISTER OF DEEDS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Licenses and fees	<u>\$ 48,500</u>	<u>\$ 48,500</u>	<u>\$ 43,140</u>	<u>\$ (5,360)</u>
Expenditures:				
Personal services	7,000	7,000	9,328	(2,328)
Contractual services	26,500	26,500	22,869	3,631
Commodities	2,500	2,500	294	2,206
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>—</u>	<u>5,000</u>
Total expenditures	<u>41,000</u>	<u>41,000</u>	<u>32,491</u>	<u>8,509</u>
Revenues over expenditures	7,500	7,500	10,649	3,149
Fund balance, beginning of year	<u>139,880</u>	<u>139,880</u>	<u>146,317</u>	<u>6,437</u>
Fund balance, end of year	<u>\$147,380</u>	<u>\$ 147,380</u>	<u>\$ 156,966</u>	<u>\$ 9,586</u>

McPHERSON COUNTY, KANSAS

COMMUNITY DEVELOPMENTAL DISABILITY ORGANIZATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 113,237	\$ 113,237	\$ 114,150	\$ 913
Intergovernmental	274,473	274,473	276,733	2,260
Charges for services	<u>10,000</u>	<u>10,000</u>	<u>19,980</u>	<u>9,980</u>
Total revenues	<u>397,710</u>	<u>397,710</u>	<u>410,863</u>	<u>13,153</u>
Expenditures:				
Personal services	134,500	134,500	120,568	13,932
Contractual services	42,500	42,500	39,792	2,708
Commodities	22,430	22,430	3,837	18,593
Capital outlay	2,500	2,500	3,277	(777)
Agency appropriations	<u>310,000</u>	<u>310,000</u>	<u>238,032</u>	<u>71,968</u>
Total expenditures	<u>511,930</u>	<u>511,930</u>	<u>405,506</u>	<u>106,424</u>
Revenues over (under) expenditures	(114,220)	(114,220)	5,357	119,577
Fund balance, beginning of year	<u>114,220</u>	<u>114,220</u>	<u>120,755</u>	<u>6,535</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 126,112</u>	<u>\$ 126,112</u>

McPHERSON COUNTY, KANSAS

TECHNOLOGY – COUNTY TREASURER FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Licenses and fees	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 10,768</u>	<u>\$ 1,768</u>
Expenditures:				
Contractual services	<u>2,000</u>	<u>2,000</u>	<u>1,400</u>	<u>600</u>
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>—</u>	<u>3,000</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>1,400</u>	<u>3,600</u>
Revenues over expenditures	<u>4,000</u>	<u>4,000</u>	<u>9,368</u>	<u>5,368</u>
Fund balance, beginning of year	<u>4,000</u>	<u>4,000</u>	<u>7,835</u>	<u>3,835</u>
Fund balance, end of year	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 17,203</u>	<u>\$ 9,203</u>

McPHERSON COUNTY, KANSAS

TECHNOLOGY – COUNTY CLERK FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Licenses and fees	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 10,875</u>	<u>\$ 1,875</u>
Expenditures:				
Contractual services	<u>2,000</u>	<u>2,000</u>	<u>–</u>	<u>2,000</u>
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>211</u>	<u>2,789</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>211</u>	<u>4,789</u>
Revenues over expenditures	<u>4,000</u>	<u>4,000</u>	<u>10,664</u>	<u>6,664</u>
Fund balance, beginning of year	<u>4,000</u>	<u>4,000</u>	<u>6,951</u>	<u>2,951</u>
Fund balance, end of year	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 17,615</u>	<u>\$ 9,615</u>

McPHERSON COUNTY, KANSAS

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 870,775	\$ 870,775	\$ 819,788	\$ (50,987)
Proceeds from general obligation				
Refunding bonds	—	—	2,900,000	2,900,000
Premium on sale of general				
Obligation refunding bonds	<u>—</u>	<u>—</u>	<u>240,108</u>	<u>240,108</u>
Total revenues	<u>870,775</u>	<u>870,775</u>	<u>3,959,896</u>	<u>3,089,121</u>
Expenditures:				
Bond principal	700,000	700,000	700,000	—
Bond interest and commission	170,775	170,775	119,788	50,987
Payment to refunding bond				
Escrow agent	—	—	3,093,673	(3,093,673)
Costs of issuance	<u>—</u>	<u>—</u>	<u>45,250</u>	<u>(45,250)</u>
Total expenditures	<u>870,775</u>	<u>870,775</u>	<u>3,958,711</u>	<u>(3,087,936)</u>
Budget credit – proceeds from				
Issuance of debt	<u>—</u>	<u>3,140,108</u>	<u>—</u>	<u>3,140,108</u>
Totals for budgetary comparison	<u>870,775</u>	<u>4,010,883</u>	<u>3,958,711</u>	<u>52,172</u>
Revenues over expenditures	—	—	1,185	1,185
Fund balance, beginning of year	<u>7,718</u>	<u>7,718</u>	<u>7,726</u>	<u>8</u>
Fund balance, end of year	<u>\$ 7,718</u>	<u>\$ 7,718</u>	<u>\$ 8,911</u>	<u>\$ 1,193</u>

McPHERSON COUNTY, KANSAS

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2016

	Landfill Remediation Reserve	Capital Improvement Reserve	Capital Equipment Reserve	Highway Machinery & Equip- ment Reserve	Noxious Weed Reserve	War Memorial	Totals
<u>ASSETS</u>							
Cash and short-term investments	\$ 1,268,239	\$ 464,827	\$ 1,061,057	\$ 615,925	\$ 290,185	\$ 3,336	\$ 3,703,569
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Fund balances:							
Committed:							
Capital improvements	—	464,827	1,061,057	—	—	3,336	1,529,220
Environmental protection	1,268,239	—	—	—	290,185	—	1,558,424
Highway improvements	—	—	—	615,925	—	—	615,925
Total fund balance	1,268,239	464,827	1,061,057	615,925	290,185	3,336	3,703,569
Total liabilities and fund balances	\$ 1,268,239	\$ 464,827	\$ 1,061,057	\$ 615,925	\$ 290,185	\$ 3,336	\$ 3,703,569

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS

Year ended December 31, 2016

	Landfill Remediation Reserve	Capital Improve- Reserve	Capital Equipment Reserve	Highway Machinery & Equip- ment Reserve	Noxious Weed Reserve	War Memorial	Totals
Revenues:							
Taxes	\$ 13,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,636
Expenditures:							
Capital outlay	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Revenues over (under) expenditures	13,636	-	(15,000)	-	-	-	(1,364)
Other financing sources (uses):							
Transfers in	<u>90,575</u>	<u>270,000</u>	<u>160,000</u>	<u>500,000</u>	<u>24,000</u>	<u>-</u>	<u>1,044,575</u>
Net change in fund balance	104,211	270,000	145,000	500,000	24,000	-	1,043,211
Fund balances, beginning of year	<u>1,164,028</u>	<u>194,827</u>	<u>916,057</u>	<u>115,925</u>	<u>266,185</u>	<u>3,336</u>	<u>2,660,358</u>
Fund balances, end of year	<u>\$ 1,268,239</u>	<u>\$ 464,827</u>	<u>\$ 1,061,057</u>	<u>\$ 615,925</u>	<u>\$ 290,185</u>	<u>\$ 3,336</u>	<u>\$ 3,703,569</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs.

AGENCY FUNDS

Tax Collection Funds – to account for the various taxes levied by taxing districts throughout the County. The County Treasurer serves as the tax collection agent for all such taxing districts.

Tax Distribution Funds – to account for the individual fund levies of all taxing districts throughout the County.

Motor Vehicle Fees and Sales Tax Collection Funds – to account for the state required fees received on motor vehicle registration renewals to be remitted to the State of Kansas.

Fish and Game Licenses and Park Permits Funds – to account for the state required fees received on the sale of state fish and game licenses and state park permits to be remitted to the State of Kansas.

Stray Animals Fund – to account for the proceeds from the sales of stray animals not claimed by their rightful owners. Excess proceeds are due to the State of Kansas.

Fee Offices Funds – to account for the operations of the County Clerk, Register of Deeds, Sheriff and District Court offices of the County. Fees are due to various funds and agencies as provided by State statutes.

McPherson County Jail Inmates Fund – to account for moneys held on behalf of prisoners held in the County jail.

McPherson County Cafeteria Plan Fund – to account for moneys held on behalf of County employees for payment of designated benefit items.

McPherson County Sheriff's Benefit Reserve Fund – to account for moneys paid to off-duty sheriff reserve officers for services performed outside of normal working hours and assignments.

Sales Tax Holding Fund – to account for sales taxes collected on solid waste facility operations.

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued on next page)**

Year ended December 31, 2016

	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2016</u>
<u>TOTAL - ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash including short-term investments	\$ 29,382,126	\$ 96,826,207	\$ 95,727,273	\$ 30,481,060
Property tax levied	21,249,604	51,436,500	50,814,180	21,871,924
Due from other funds	—	2	—	2
Due from others	—	152	—	152
Due from State of Kansas	—	2	—	2
Total assets	<u>\$ 50,631,730</u>	<u>\$ 148,262,863</u>	<u>\$ 146,541,453</u>	<u>\$ 52,353,140</u>
<u>LIABILITIES</u>				
Accrued liabilities	\$ 26,645	\$ 97,224	\$ 114,409	\$ 9,460
Due to:				
Other funds	154	544,014	544,095	73
Other governmental units	101,086	3,874,402	3,894,109	81,379
Others	9,430	92,479	92,966	8,943
Taxing districts:				
Apportioned taxes	9,122	38,230,664	38,229,553	10,233
Unapportioned taxes	50,357,644	55,362,624	53,518,951	52,201,317
Law library	—	19,152	19,152	—
Alcohol safety program	—	7,356	7,356	—
Cash balance deposits	127,649	403,021	488,937	41,733
Due to other funds	—	2	—	2
Total liabilities	<u>\$ 50,631,730</u>	<u>\$ 98,630,938</u>	<u>\$ 96,909,528</u>	<u>\$ 52,353,140</u>

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2016

	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2016</u>
<u>TAX COLLECTION</u>				
<u>ACCOUNTS</u>				
<u>ASSETS</u>				
Cash including short-term investments	\$ 29,108,040	\$ 53,557,896	\$ 52,336,543	\$ 30,329,393
Property tax levied:				
2016 Current tax	-	51,354,497	29,482,573	21,871,924
2015 Current tax	<u>21,249,604</u>	<u>82,003</u>	<u>21,331,607</u>	<u>-</u>
	<u>21,249,604</u>	<u>51,436,500</u>	<u>50,814,180</u>	<u>21,871,924</u>
Total assets	<u>\$ 50,357,644</u>	<u>\$104,994,396</u>	<u>\$103,150,723</u>	<u>\$ 52,201,317</u>
<u>LIABILITIES</u>				
Unapportioned taxes:				
2016 Current tax	\$ -	\$ 51,352,505	\$ -	\$ 51,352,505
2015 Current tax	49,641,063	82,003	49,723,066	-
Motor Vehicle	597,950	157,122	58,442	696,630
Delinquent taxes	104,102	100,483	73,707	130,878
Tax foreclosures	829	-	-	829
Prepaid tax	76	-	76	-
Mineral tax	-	4,351	4,351	-
Gasoline tax	-	1,021,206	1,021,206	-
Motor vehicle excise tax	883	4,003	-	4,886
Liquor tax	-	23,525	23,525	-
Recreational vehicle tax	10,010	3,623	1,433	12,200
Commercial truck tax	2,731	582	-	3,313
Cereal malt beverage tax	<u>-</u>	<u>2,613,221</u>	<u>2,613,145</u>	<u>76</u>
Total liabilities	<u>\$ 50,357,644</u>	<u>\$ 55,362,624</u>	<u>\$ 53,518,951</u>	<u>\$ 52,201,317</u>

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2016

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>
TAX DISTRIBUTION				
<u>ACCOUNTS</u>				
<u>ASSETS</u>				
Cash including short-term investments	\$ <u>9,122</u>	\$ <u>38,230,664</u>	\$ <u>38,229,553</u>	\$ <u>10,233</u>
<u>LIABILITIES</u>				
Apportioned taxes due to:				
Watersheds	\$ -	\$ 56,549	\$ 56,549	\$ -
Drainage districts	-	27,014	27,014	-
School districts	288	22,696,354	22,695,876	766
Townships	-	3,264,879	3,264,879	-
Cities	-	9,910,661	9,910,661	-
Fire districts	2,656	1,220,617	1,220,064	3,209
Regional library	-	264,987	264,987	-
Cemetery districts	-	46,280	46,280	-
Water assessment district	-	61,720	61,720	-
Library Districts	-	16,720	16,720	-
Improvement District	-	2,002	2,002	-
Historical tax	6,178	21,781	21,701	6,258
State of Kansas	<u>-</u>	<u>641,101</u>	<u>641,101</u>	<u>-</u>
Total liabilities	\$ <u>9,122</u>	\$ <u>38,230,664</u>	\$ <u>38,229,553</u>	\$ <u>10,233</u>

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2016

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>
MOTOR VEHICLE FEES AND SALES TAX COLLECTION ACCOUNT				
<u>ASSETS</u>				
Cash including short-term Investments	\$ 98,663	\$ 3,407,551	\$ 3,428,582	\$ 77,632
<u>LIABILITIES</u>				
Due to State of Kansas	\$ 98,663	\$ 3,407,551	\$ 3,428,582	\$ 77,632
FISH AND GAME LICENSES AND PARK PERMITS				
<u>ASSETS</u>				
Cash including short-term investments	\$ 185	\$ 7,203	\$ 7,388	\$ -
Due from State of Kansas	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
Total assets	\$ 185	\$ 7,205	\$ 7,388	\$ 2
<u>LIABILITIES</u>				
Due to State of Kansas	\$ 185	\$ 7,203	\$ 7,388	\$ -
Due to other funds	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
Total liabilities	\$ 185	\$ 7,205	\$ 7,388	\$ 2
<u>STRAY ANIMALS</u>				
<u>ASSETS</u>				
Cash including short-term investments	\$ 1,886	\$ 1,846	\$ 273	\$ 3,459
<u>LIABILITIES</u>				
Due to state of Kansas	\$ 1,886	\$ 1,846	\$ 273	\$ 3,459

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2016

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>
<u>FEE OFFICERS</u>				
<u>ASSETS</u>				
Cash including short-term investments	\$ 127,833	\$ 1,429,827	\$ 1,516,008	\$ 41,652
Due from others	-	152	-	152
Due from other funds	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
Total assets	<u>\$127,833</u>	<u>\$ 1,429,981</u>	<u>\$ 1,516,008</u>	<u>\$ 41,806</u>
<u>LIABILITIES</u>				
Due to County general fund	\$ -	\$ 450,204	\$ 450,204	\$ -
Due to technology fund	-	64,783	64,783	-
Due to other trust and agency funds	154	29,027	29,108	73
Balance in cases	127,649	403,021	488,937	41,733
Law Library	-	19,152	19,152	-
Due to State:				
Park and vessel permits	30	5,215	5,245	-
Marriage licenses	-	11,564	11,564	-
Fines	-	164,491	164,491	-
Docket fees	-	181,758	181,758	-
Alcohol safety action program	-	7,356	7,356	-
Other	<u>-</u>	<u>93,257</u>	<u>93,257</u>	<u>-</u>
Total liabilities	<u>\$ 127,833</u>	<u>\$ 1,429,828</u>	<u>\$ 1,515,855</u>	<u>\$ 41,806</u>

McPHERSON COUNTY
JAIL INMATES

<u>ASSETS</u>				
Cash including short-term investments	<u>\$ 9,430</u>	<u>\$92,479</u>	<u>\$92,966</u>	<u>\$ 8,943</u>
<u>LIABILITIES</u>				
Due to inmates	<u>\$ 9,430</u>	<u>\$92,479</u>	<u>\$92,966</u>	<u>\$ 8,943</u>

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2016

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>
McPHERSON COUNTY CAFETERIA PLAN				
<u>ASSETS</u>				
Cash including short-term investments	<u>\$ 6,793</u>	<u>\$78,886</u>	<u>\$77,565</u>	<u>\$ 8,114</u>
<u>LIABILITIES</u>				
Accrued liabilities	<u>\$ 6,793</u>	<u>\$78,886</u>	<u>\$77,565</u>	<u>\$ 8,114</u>
McPHERSON COUNTY SHERIFF'S BENEFIT RESERVE				
<u>ASSETS</u>				
Cash including short-term investments	<u>\$ 19,852</u>	<u>\$18,338</u>	<u>\$36,844</u>	<u>\$ 1,346</u>
<u>LIABILITIES</u>				
Accrued liabilities	<u>\$ 19,852</u>	<u>\$18,338</u>	<u>\$36,844</u>	<u>\$ 1,346</u>
SALES TAX HOLDING				
<u>ASSETS</u>				
Cash including short-term investments	<u>\$ 322</u>	<u>\$ 1,517</u>	<u>\$ 1,551</u>	<u>\$ 288</u>
<u>LIABILITIES</u>				
Due to State of Kansas	<u>\$ 322</u>	<u>\$ 1,517</u>	<u>\$ 1,551</u>	<u>\$ 288</u>

STATISTICAL SECTION

**STATISTICAL SECTION
McPherson County, Kansas**

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Sources: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.*

McPherson County, Kansas
Net Position By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Primary Government Activities										
Invested in Capital Assets, net	\$39,828,190	\$40,400,626	\$41,923,327	\$42,828,921	\$44,087,782	\$44,033,625	\$42,966,441	\$42,070,257	\$44,525,252	\$44,802,101
Restricted	2,478	3,000	3,337	3,349	4,552,843	3,550,318	3,407,955	4,163,271	4,364,295	4,385,946
Unrestricted	11,838,381	12,984,756	12,403,126	12,070,735	6,514,794	8,208,465	8,653,646	9,136,020	3,627,942	3,252,737
Total Governmental Activities Net Position	<u>\$51,669,049</u>	<u>\$53,388,382</u>	<u>\$54,329,790</u>	<u>\$54,903,005</u>	<u>\$55,155,419</u>	<u>\$55,792,408</u>	<u>\$55,028,042</u>	<u>\$55,369,548</u>	<u>\$52,517,489</u>	<u>\$52,440,784</u>

Note: Fiscal year 2007 includes retroactive reporting of infrastructure capital assets.
Fiscal year 2008 includes retroactive reporting of intangible assets.
Fiscal year 2011 Reclassified all reserve funds and War Memorial Funds from a special revenue fund type to a capital project fund type. GASB Statement 54 clarification of fund types.
Prior to 2011 Restricted dollars were for Debt service.

McPherson, Kansas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
General Government	\$ 2,651,025	\$ 2,912,209	\$ 2,883,958	\$ 2,928,897	\$ 3,023,322	\$ 3,017,555	\$ 3,022,230	\$ 3,502,080	\$ 3,261,483	\$ 3,788,421
Public Safety	5,865,513	6,331,029	6,497,691	6,299,174	6,529,759	6,766,523	6,784,374	6,763,361	6,946,830	7,359,826
Highways and Streets	4,951,983	4,977,766	5,286,744	5,427,995	4,957,049	5,645,382	5,458,840	5,532,487	9,128,730	7,644,792
Health & Sanitation	1,743,919	1,783,243	2,009,766	2,013,704	2,033,606	2,214,782	2,174,855	2,252,536	2,342,449	2,361,412
Culture and Recreation	245,158	277,090	290,913	293,186	312,143	310,084	305,964	301,547	371,210	412,729
Environmental Protection	1,851,506	1,836,584	1,852,279	1,766,457	1,788,517	1,748,425	4,741,753	3,912,184	1,880,591	2,073,550
Interest on Long-Term Debt	125,226	120,680	114,060	106,655	98,641	89,889	74,895	180,182	156,988	159,324
Total Governmental Activities Expenses	17,435,331	18,238,701	18,935,411	18,836,068	18,743,037	19,792,740	22,562,911	22,434,377	24,088,281	23,800,054
Component Unit										
McPherson County Extension Council	304,592	331,807	363,548	348,550	387,432	366,868	334,563	363,122	374,831	320,564
Total Primary Government Expenses	17,739,923	18,570,508	19,298,959	19,184,618	19,130,469	20,159,608	22,897,474	22,797,499	24,463,112	24,120,618
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	1,059,007	1,070,758	1,086,140	1,108,499	968,158	1,140,627	1,145,820	1,230,797	1,300,309	1,056,573
Public Safety	846,147	868,581	903,783	743,173	710,015	778,785	750,478	492,423	519,762	560,787
Highway & Streets	95,286	2,714	1,058	65,287	21,160	82,364	255,244	312,879	245,241	275,845
Health and Sanitation	250,943	248,082	237,555	240,534	236,872	255,826	261,019	292,931	278,699	340,896
Culture and Recreation	27,295	29,197	29,401	41,716	23,503	25,029	50,907	31,804	53,237	38,380
Environmental Protection	1,721,047	1,748,404	1,739,714	1,718,788	1,721,400	1,724,498	1,759,830	1,761,935	1,790,589	1,763,983
Operating Grants and Contributions	2,951,378	3,520,995	3,305,319	3,428,723	3,136,489	3,508,321	3,553,595	4,200,736	4,297,306	4,136,499
Capital Grants and Contributions	10,054	-	-	158,222	182,205	165,290	201,516	80,432	4,101,818	252,949
Total Governmental Activities Program Revenue	6,961,157	7,488,731	7,282,970	7,504,942	7,000,802	7,680,740	7,978,409	8,403,937	12,586,961	8,425,912
Component Unit										
McPherson County Extension Council	83,863	99,758	110,197	109,793	120,606	130,878	91,690	85,518	94,671	85,224
Total Primary Government Program Revenues	7,045,020	7,588,489	7,393,167	7,614,735	7,121,408	7,811,618	8,070,099	8,489,455	12,681,632	8,511,136
Net (Expense) Revenue										
Governmental Activities	(10,474,174)	(10,749,970)	(11,652,441)	(11,331,126)	(11,742,235)	(12,112,000)	(14,584,502)	(14,030,440)	(11,501,320)	(15,374,142)
Component Unit	(220,729)	(232,049)	(253,351)	(238,757)	(266,826)	(235,990)	(242,873)	(277,504)	(280,160)	(235,340)
Total Primary Government Net Expenses	(10,694,903)	(10,982,019)	(11,905,792)	(11,569,883)	(12,009,061)	(12,347,990)	(14,827,375)	(14,308,044)	(11,781,480)	(15,609,482)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property Taxes										
General Purposes	10,802,089	10,083,641	10,172,792	8,941,667	10,013,444	10,753,738	11,594,280	12,059,605	12,152,274	13,076,484
Debt Service	381	522	337	-	-	-	-	-	-	-
Sales Taxes	1,751,477	1,877,493	1,786,187	1,869,704	1,927,655	1,955,840	2,085,856	2,275,647	2,462,491	2,170,669
Grants and entitlements not restricted to specific programs	21,814	25,059	26,115	25,052	23,310	23,324	26,935	21,810	27,352	25,701
Investment Earnings	893,233	472,588	138,234	67,918	30,240	16,087	13,065	14,884	16,779	24,583
Total Governmental Activities	13,468,994	12,469,303	12,123,665	11,904,341	11,994,649	12,748,989	13,820,136	14,371,946	14,658,896	15,297,437
Component Unit										
Payment from McPherson County	227,464	238,837	256,635	256,635	261,732	268,500	269,500	269,500	274,932	298,137
Investment Earnings	151	1,415	1,112	1,076	771	405	185	50	-	-
Total Component Unit	227,615	240,252	257,747	257,711	262,503	268,905	269,685	269,550	274,932	298,137
Total Primary Government	\$13,696,609	\$12,709,555	\$12,381,412	\$12,162,052	\$12,257,152	\$13,018,894	\$14,089,821	\$14,641,496	\$14,933,828	\$15,595,574
Change in Net Position										
Governmental Activities	\$ 2,994,820	\$ 1,719,333	\$ 471,224	\$ 573,215	\$ 252,414	\$ 636,989	\$ (764,365)	\$ 341,506	\$ 3,157,576	\$ (76,705)
Component Unit	6,886	8,203	4,396	18,954	(4,323)	33,915	26,812	(8,054)	(5,228)	62,797
Total Primary Government	\$ 3,001,706	\$ 1,727,536	\$ 475,620	\$ 592,169	\$ 248,091	\$ 670,904	\$ (737,554)	\$ 333,452	\$ 3,152,348	\$ (13,908)

McPherson, Kansas
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 27,000	\$ 28,000	\$ 26,000	\$ 26,061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,460,463	3,158,778	2,209,350	2,169,077	-	-	-	-	-	-
Committed					1,049,749	1,049,749	1,049,749	1,049,749	1,049,749	1,049,749
Assigned					62,919	532,416	301,756	976,329	710,229	1,194,366
Unassigned					970,696	563,702	891,907	758,950	1,468,743	663,452
Total General Fund	<u>4,487,463</u>	<u>3,186,776</u>	<u>2,235,350</u>	<u>2,195,138</u>	<u>2,083,364</u>	<u>2,145,867</u>	<u>2,243,412</u>	<u>2,785,028</u>	<u>3,228,721</u>	<u>2,907,567</u>
All Other Governmental Funds										
Reserved	221,577	877,795	512,510	185,675	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Funds	5,771,244	7,569,581	8,466,259	8,603,516	-	-	-	-	-	-
Debt Service Fund	2,478	3,000	3,337	3,349	-	-	-	-	-	-
Nonspendable	-	-	-	-	118,528	94,668	110,843	234,353	366,107	297,982
Restricted	-	-	-	-	1,754,411	1,810,955	5,006,111	2,898,381	2,464,351	2,408,919
Committed	-	-	-	-	5,197,822	5,659,017	6,437,185	5,514,710	4,783,536	5,801,474
Assigned	-	-	-	-	684,015	712,475	471,586	1,255,434	1,262,992	418,072
Unassigned	-	-	-	-	(20,303)	-	-	-	-	-
Total all other Governmental Funds	<u>5,995,299</u>	<u>8,450,376</u>	<u>8,982,106</u>	<u>8,792,540</u>	<u>7,734,473</u>	<u>8,277,115</u>	<u>12,025,725</u>	<u>9,902,878</u>	<u>8,876,986</u>	<u>8,926,447</u>
Total All Fund Balances	<u>\$ 10,482,762</u>	<u>\$ 11,637,152</u>	<u>\$ 11,217,456</u>	<u>\$ 10,987,678</u>	<u>\$ 9,817,837</u>	<u>\$ 10,422,982</u>	<u>\$ 14,269,137</u>	<u>\$ 12,687,906</u>	<u>\$ 12,105,707</u>	<u>\$ 11,834,014</u>

NOTE: Fiscal year 2011, reclassified all reserve funds and War Memorial Funds from a special revenue fund type to a capital project fund type. GASB Statement 54 clarification of fund types.

McPherson, Kansas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 12,735,134	\$ 12,151,563	\$ 12,133,233	\$ 11,819,702	\$ 11,951,468	\$ 12,906,059	\$ 13,978,503	\$ 14,531,252	\$ 14,812,380	\$ 15,458,964
Special Assessment Taxes	1,613,597	1,635,478	1,617,191	1,614,056	1,628,256	1,615,531	1,657,245	1,652,119	1,670,821	1,672,009
Intergovernmental	2,967,696	3,296,191	3,125,507	3,430,403	3,136,414	3,286,009	3,404,202	4,039,221	8,187,844	4,162,714
Licenses and Permits	1,313,086	1,452,204	1,463,838	1,450,726	1,068,081	1,262,800	1,214,777	907,032	1,176,622	980,627
Charges for Services	535,101	493,479	536,705	491,764	708,498	778,725	768,168	875,332	1,082,852	899,135
Use of Money & Property	1,068,714	658,165	328,701	247,752	214,668	201,320	246,370	206,842	117,690	84,432
Other Revenues	202,923	285,744	191,285	347,865	282,171	364,745	522,205	549,340	186,213	464,373
Total Revenues	20,436,251	19,972,824	19,396,460	19,402,268	18,989,556	20,415,189	21,791,470	22,761,138	27,234,422	23,722,254
Expenditures										
General Government	2,516,251	2,774,559	2,722,394	3,015,631	2,876,005	2,853,082	2,899,849	3,394,125	3,256,308	3,510,334
Public Safety	5,741,705	6,285,986	6,369,313	6,216,670	6,716,847	6,675,643	6,676,210	6,827,026	7,089,651	7,124,706
Highways and Streets	7,110,543	5,799,625	6,386,727	5,988,628	5,899,685	5,381,384	6,022,383	6,493,343	10,771,060	7,646,430
Culture and Recreation	257,970	274,763	281,130	288,897	300,677	285,804	286,618	291,198	367,961	372,393
Environmental Protection	1,998,055	1,553,103	1,848,781	1,773,754	1,806,791	1,747,057	1,774,495	1,913,496	1,897,735	2,077,997
Education	-	-	-	-	-	-	-	-	-	-
Health and Welfare	1,754,383	1,757,114	1,985,776	1,983,570	2,014,087	2,194,037	2,268,235	2,251,435	2,387,156	2,323,265
Capital Outlay	-	-	-	-	178,186	304,267	2,962,687	2,296,811	1,162,075	165,469
Debt Service										
Principal	240,000	250,000	255,000	255,000	265,000	275,000	280,000	725,000	700,000	700,000
Interest	128,326	123,284	117,035	109,896	102,119	93,770	84,726	149,935	184,675	119,788
Bond Issuance Costs	-	-	-	-	-	-	11,968	-	-	-
Total Expenditures	19,747,233	18,818,434	19,966,156	19,632,046	20,159,397	19,810,044	23,267,171	24,342,369	27,816,621	24,040,382
Revenues over (under) Expenditures	689,018	1,154,390	(569,696)	(229,778)	(1,169,841)	605,145	(1,475,701)	(1,581,231)	(582,199)	(318,128)
Other Financing Sources (Uses)										
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Issuance of general obligation refunding bonds	-	-	-	-	-	-	7,050,000	-	-	2,900,000
Premium on general obligation refunding bonds	-	-	-	-	-	-	210,543	-	-	240,108
Payment to refunding bond escrow agent	-	-	-	-	-	-	(1,938,687)	-	-	(3,093,673)
Transfers In	863,419	1,723,752	286,475	134,664	121,210	582,000	631,377	37,509	116,090	1,562,700
Transfers Out	(863,419)	(1,723,752)	(136,475)	(134,664)	(121,210)	(582,000)	(631,377)	(37,509)	(116,090)	(1,562,700)
Total Other Financing Sources (Uses)	-	-	150,000	-	-	-	5,321,856	-	-	46,435
Net Change in Fund Balance	\$ 689,018	\$ 1,154,390	\$ (419,696)	\$ (229,778)	\$ (1,169,841)	\$ 605,145	\$ 3,846,155	\$ (1,581,231)	\$ (582,199)	\$ (271,693)
Debt Service as a Percentage of Noncapital Expenditures	2.45%	2.37%	2.28%	2.40%	2.31%	2.22%	1.99%	4.51%	4.19%	4.14%

McPherson County, Kansas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u>		Total Direct Tax Rate	Assessed Value as a % of Estimated Actual Value
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>		
2007	\$ 259,863,866	\$1,553,401,047	\$ 58,507,603	\$ 320,143,927	\$ 318,371,469	\$1,873,544,974	28.587	16.99%
2008	269,762,008	1,675,449,160	47,324,874	243,942,650	317,086,882	1,919,391,810	28.016	16.52%
2009	269,477,040	1,695,156,777	39,701,441	212,307,171	309,178,481	1,907,463,948	27.997	16.21%
2010	275,128,666	1,714,983,370	39,514,855	135,216,286	314,643,521	1,850,199,656	28.001	17.01%
2011	285,726,041	1,746,344,236	37,388,354	129,028,571	323,114,395	1,875,372,807	30.036	17.23%
2012	300,628,100	1,805,717,359	37,125,322	160,659,503	337,753,422	1,966,376,862	31.255	17.18%
2013	319,680,591	2,004,605,923	34,170,718	133,906,878	353,851,309	2,138,512,801	30.190	16.55%
2014	331,212,265	2,035,182,115	29,772,147	113,355,159	360,984,412	2,148,537,274	30.197	16.80%
2015	372,950,125	2,164,376,502	24,671,633	95,798,887	397,621,758	2,260,175,389	30.286	17.59%
2016	391,362,616	2,269,657,091	22,672,142	89,816,992	414,034,758	2,359,474,083	30.158	17.55%

Source: McPherson County Appraiser
McPherson County Clerk

McPherson County, Kansas
Property Tax Rates – Direct and Overlapping Governments
Last Ten Fiscal Years
(per \$1000 of Assessed Value)

<u>County Direct Rates</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General	6.78	6.74	9.17	10.27	10.16	9.88	10.59	9.97	11.17	10.35
Public Works	15.51	15.35	10.48	11.36	13.23	13.62	12.87	12.42	12.06	12.53
Health	0.51	0.51	0.53	0.52	0.51	0.54	0.52	0.51	0.46	0.43
Noxious Weeds	0.57	0.55	0.40	0.33	0.38	0.47	0.34	0.39	0.36	0.37
Employee Benefits	5.22	4.86	7.42	5.52	5.76	6.41	5.57	6.61	5.97	6.28
Developmental Disabilities	-	-	-	-	-	0.34	0.30	0.30	0.27	0.20
Total Direct Rates	28.59	28.01	28.00	28.00	30.04	31.26	30.19	30.20	30.29	30.16
City Rates										
Canton	50.49	51.02	51.12	50.36	50.26	49.85	48.23	50.44	50.39	51.63
Galva	44.43	43.76	43.77	47.72	47.74	47.69	47.69	47.71	47.84	50.85
Inman	67.10	67.00	66.74	66.80	66.54	66.56	66.56	65.10	67.05	69.03
Lindsborg	37.61	37.54	37.52	34.52	34.52	37.48	39.73	69.57	43.62	44.82
Marquette	55.99	59.30	60.15	60.31	59.03	59.16	59.16	59.70	61.46	62.97
McPherson	48.80	51.34	51.34	51.28	51.13	51.13	51.02	51.33	51.57	51.62
Moundridge	21.59	58.76	25.50	23.02	26.00	26.54	30.11	31.00	31.71	33.97
Windom	30.33	33.24	33.38	37.93	38.80	37.02	57.09	56.84	60.12	61.84
Townships	3.7 - 22.0	3.8 - 22.5	3.7 - 22.5	3.8 - 22.4	3.8 - 22.9	3.8 - 24.8	6.8 - 24.8	7.1 - 26.1	3.6 - 24.7	3.6 - 24.3
School Districts	34.2 - 57.8	37.0 - 57.5	38.4 - 57.7	39.7 - 57.7	40.9 - 61.2	40.0 - 64.8	40.0 - 64.8	45.5 - 62.4	46.7 - 63.4	44.9 - 70.3
Fire Districts	2.0 - 12.4	2.0 - 11.4	2.0 - 10.5	2.5 - 10.5	2.4 - 10.6	2.7 - 10.6	3.6 - 10.7	3.3 - 10.9	3.8 - 10.9	3.8 - 11.8
Cemeteries	1.1 - 1.4	1.1 - 2.3	1.1 - 2.3	1.1 - 2.2	1.0 - 1.6	1.0 - 2.3	1.0 - 2.2	0.6 - 2.1	.6 - 2.0	.6 - 2.0
Libraries	1.1 - 2.7	1.0 - 2.7	1.1 - 2.9	1.1 - 2.8	1.1 - 2.9	1.1 - 2.8	1.1 - 2.8	1.1 - 2.7	1.1 - 2.4	1.2 - 2.3
Watershed	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9	4

Source: McPherson County Clerk

County of McPherson, Kansas
Principal Property Tax Payers
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2016</u>			<u>Taxpayer</u>	<u>2007</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>
NCRA	\$ 40,712,233	1	9.83%	NCRA	\$ 22,425,629	1	7.04%
HOSPIRA INC	7,113,231	2	1.72%	ALLTEL	7,712,404	2	2.42%
MID KANSAS COOP ASSN	2,246,070	3	0.54%	MID AMERICA PIPELINE	5,569,020	3	2.06%
WALMART	1,887,825	4	0.46%	SCHULLER INT'L INC	5,546,429	4	1.74%
MID CONTINENT FRACTIONATOR	1,757,301	5	0.42%	MID-CONTINENT FRACTIONATOR	4,806,699	5	1.51%
SCHULLER INT'L INC	1,588,175	6	0.38%	CERTAINTED	4,616,443	6	1.45%
SAGAR INC	1,462,502	7	0.35%	ONEOK HYROCARBON, LP	4,013,739	7	1.26%
JKL LLC (Auto Dealership)	1,391,022	8	0.34%	WESTSTAR ENERGY	3,477,800	8	1.09%
J SIX ENTERPRISES	1,012,269	9	0.24%	HOSPIRA INC	3,354,948	9	1.05%
BRADBURY CO INC	1,659,664	10	0.40%	KANEB	3,305,659	10	1.04%
	<u>\$ 60,830,292</u>		<u>14.69%</u>		<u>\$ 65,828,770</u>		<u>20.68%</u>
County Assessed Valuation	\$ 414,034,758			County Assessed Valuation	\$ 318,371,469		

Source: McPherson County Treasurer

McPherson, Kansas
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2007	\$ 9,794,210	\$ 9,599,248	98.01%	\$ 115,243	\$ 9,714,491	99.19%
2008	9,324,170	8,849,477	94.91%	105,399	8,954,876	96.04%
2009	8,913,001	8,736,417	98.02%	174,268	8,910,685	99.97%
2010	8,692,138	8,540,412	98.25%	144,673	8,685,085	99.92%
2011	8,944,108	8,830,724	98.73%	106,830	8,937,554	99.93%
2012	9,872,818	9,677,908	98.03%	177,643	9,855,551	99.83%
2013	10,666,960	10,546,185	98.87%	87,129	10,633,314	99.68%
2014	10,989,032	10,803,984	98.32%	109,268	10,913,252	99.31%
2015	11,035,164	10,909,912	98.86%	69,430	10,979,342	99.49%
2016	12,169,198	11,933,456	98.06%	30,679	11,964,135	98.31%

Source: County Treasurer Tax Abstract
Note: 2015 Tax Levies fund the 2016 Fiscal Year

McPherson County, Kansas
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Premium on General Obligation Bonds</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>	<u>Percent of Actual Taxable Value of Property</u>
2007	\$ 3,500,000	\$ -	\$ 3,500,000	0.32%	\$ 119.88	0.19%
2008	3,250,000	-	3,250,000	0.27%	111.90	0.17%
2009	2,995,000	-	2,995,000	0.27%	103.76	0.16%
2010	2,740,000	-	2,740,000	0.24%	94.34	0.15%
2011	2,475,000	-	2,475,000	0.20%	84.64	0.13%
2012	2,200,000	-	2,200,000	0.17%	75.27	0.11%
2013	7,050,000	183,214	7,233,214	0.52%	246.40	0.33%
2014	6,325,000	158,644	6,483,644	0.47%	221.73	0.29%
2015	5,625,000	136,790	5,761,790	0.40%	199.09	0.25%
2016	5,090,000	337,493	5,427,493	NA	187.54	0.22%

Per Capita Personal Income from
Fiscal Conditions & Trends K-State Research
Dr. John Leatherman

McPherson County, Kansas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Premuim on General Obligation Bonds</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Percent of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2007	\$3,500,000	\$ -	\$ 2,478	\$ 3,497,522	0.19%	\$ 119.79
2008	3,250,000	-	3,000	3,247,000	0.17%	111.80
2009	2,995,000	-	3,337	2,991,663	0.16%	103.64
2010	2,740,000	-	3,349	2,736,651	0.15%	94.22
2011	2,475,000	-	3,366	2,471,634	0.13%	84.53
2012	2,200,000	-	3,368	2,196,632	0.11%	75.16
2013	7,050,000	183,214	7,718	7,225,496	0.34%	246.13
2014	6,325,000	158,644	7,718	6,475,926	0.30%	221.47
2015	5,625,000	136,790	7,726	5,754,064	0.25%	198.82
2016	5,090,000	337,493	8,911	5,418,582	0.22%	187.23

Source: County's Financials

McPherson County, Kansas
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed Tangible Taxable Property	\$ 414,034,758
Tangible Valuation of Motor Vehicles	35,655,479
Total Tangible Valuation for the Computation of Bonded Indebtedness Limitations	<u>\$ 449,690,237</u>
(1) Debt Limit (3% of Assessed Tangible Taxable Property)	\$ 13,490,707
General Obligation Bonded Indebtedness	\$ 5,090,000
Less: General Obligation Bonded Indebtedness Exempt from Legal Debt Margin (2)	<u>5,090,000</u> -
Legal Debt Margin	<u>\$ 13,490,707</u>

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 10,570,220	\$ 10,553,550	\$ 10,313,055	\$ 10,455,762	\$ 10,705,572	\$ 11,373,451	\$ 11,669,674	\$ 11,819,529	\$ 12,995,325	\$ 13,490,707
Total Debt Applicable to Limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Debt Margin	\$ 10,570,220	\$ 10,553,550	\$ 10,313,055	\$ 10,455,762	\$ 10,705,572	\$ 11,373,451	\$ 11,669,674	\$ 11,819,529	\$ 12,995,325	\$ 13,490,707
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Note: (1) Debt Limitations: Per K.S.A. 10-306 the authorized and outstanding bonded indebtedness of any county shall not exceed 3% of the assessed value of all tangible taxable property within such county.

(2) K.S.A. 19-2659 exempts bonds issued for solid waste improvements and equipment from the calculation of the County's legal debt margin.

McPherson County
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income (thousands)	Per Capita Income	Unemployment Rate	
				McPherson County (1)	State of Kansas
2007	29,196	\$ 1,085,390	\$ 37,176	3.4%	4.1%
2008	29,044	1,189,468	40,954	3.4%	4.4%
2009	28,866	1,090,673	37,784	4.9%	6.7%
2010	29,044	1,125,455	38,750	5.2%	7.0%
2011	29,241	1,263,240	43,201	4.6%	5.8%
2012	29,227	1,308,201	44,760	4.0%	5.7%
2013	29,356	1,347,117	45,889	3.3%	5.4%
2014	29,241	1,342,893	45,925	3.2%	4.5%
2015	28,941	1,418,543	49,015	2.7%	3.7%
2016	28,941	NA	NA	3.2%	4.2%

Note: (1) In 2004 Kansas began using the U.S. Department of Labor method to calculate unemployment. The new method will result in higher unemployment estimates, but more accurate information.

Source: Kansas Division of Budget
2010 U.S. Census Bureau of Labor Statistics

McPherson County, Kansas
Major Industrial Employers
Current Year and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Pfizer	1,410	1	8.42%	865	1	5.22%
CHS	520	2	3.11%	590	2	3.56%
Viega, LLC	300	3	1.79%	300	5	1.81%
Moridge Co., Moundridge	285	4	1.70%	285	7	1.72%
Bradbury Co., Moundridge	300	5	1.79%	280	8	1.69%
Johns Manville	275	6	1.64%	275	10	1.66%
Piping Technology	170	7	1.02%	NA	NA	NA
Central Plastics	1195	8	7.14%	NA	NA	NA
Ferguson Production	110	9	0.66%	150	10	0.91%
North Am. Specialty	105	10	0.63%	352	4	2.13%
Totals	<u>4,670</u>		<u>27.90%</u>	<u>3,097</u>		<u>18.70%</u>
Total County Employment	16,739			16,561		

McPherson County, Kansas
Full-time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government										
Commission	3	3	3	3	3	3	3	3	3	3
Admin/Financial	4	4	4	4	4	4	4	4	4	4
Co. Clerk	4	4	4	4	4	4	4	4	4	4
Co. Treasurer	4	4	4	4	4	4	4	4	4	3
Register of Deeds	4	4	4	4	4	4	4	4	4	4
Appraiser	9	9	9	9	9	9	9	9	9	9
Maintenance	2	2	2	2	2	2	2	2	2	1
Planning & Zoning	1	1	1	1	1	1	1	1	2	2
Information Technology (IT)			1	1	1	2	2	2	2	2
Motor Vehicle Licensing	5	5	5	5	6	6	7	7	7	7
Total General Government	36	36	37	37	38	39	40	40	41	39
Public Safety										
Emergency Mgmt/E911	13	13	13	13	13	14	15	16	19	19
Sheriff	18	18	18	18	18	19	19	19	22	22
Jail	16	16	16	16	16	16	16	16	16	16
County Attorney	7	7	7	7	7	8	8	8	8	8
Community Corrections	17	16	15	15	15	14	14	11	9	9
Court Trustee	8	8	8	8	8	8	6	5	4	4
Total Public Safety	79	78	77	77	77	79	78	75	78	78
Public Works	42	40	40	39	39	39	39	39	39	39
Old Mill Museum & Park	4	4	4	4	4	4	4	4	4	4
Noxious Weeds	3	3	3	3	3	3	3	3	3	3
Infant Toddler Program	4	4	4	4	4	4	4	5	5	5
Health Dept	10	10	10	10	10	10	10	9	9	9
Total	178	175	175	174	175	178	178	175	179	177

McPherson County, Kansas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Sheriff										
Law Enforcement Center	1	1	1	1	1	1	1	1	1	1
Sheriff's Vehicles	17	17	17	17	17	17	17	17	20	20
Jail										
40 Bed Facility	1	1	1	1	1	1	1	1	1	1
Old Mill Park & Museum										
Acreage	19	19	19	19	19	19	19	19	19	19
Roads										
Hard Surface	307	307	307	307	307	311	315	318	320	320
Gravel	61	61	61	61	61	61	61	57	57	57
Bridges - opening greater than 25 square feet	1,202	1,203	1,204	1,205	1,204	1,204	1,204	1,206	1,206	1,206
Health										
Health Department Facility	1	1	1	1	1	1	1	1	1	1
Environmental										
Noxious Weed Facility	1	1	1	1	1	1	1	1	1	1
Educational										
McKids Facility	1	1	1	1	1	1	1	1	1	1
General Government										
Courthouse	1	1	1	1	1	1	1	1	1	1
Office Building (Bank Bldg.)	1	1	1	1	1	1	1	1	1	1

Source: Department Reports and County Inventory

MCPHERSON COUNTY, KANSAS
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Number of new registered voters (1)	892	1,713	703	880	759	1,458	630	651	703	873
Number of real estate parcels (2)	*	17,303	17,325	17321	17,328	17,344	17,473	17,486	17,306	17,615
Number of taxable real estate parcels (2)	*	16,617	16,623	16626	16,590	16,788	16,847	16,854	16,674	16,774
Documents filed with register of deeds (3)	6,015	6,271	7,376	5,999	5,997	7,080	6,371	5,353	5,536	5,441
Public Safety (4)										
Average monthly 911 calls for service (4a)	2,575	3,492	3,853	7,716	8,304	7,825	7,245	7,513	12,017	11,902
Average daily population in custody of Sheriff	*	37.7	25.0	29.8	33	31	25	32	32	31
Average daily new incarcerations	*	4.5	4.5	4	4	5	7	2	6	6
Public Works (5)										
Lane miles of road improved (5a)	80	66	47	48	75	119	109	161	395	409
Number of bridges/pipes reconstructed	13	8	14	9	12	14	15	8	10	12
Health and Welfare (6)										
Number of immunizations provided	6,908	6,282	7,825	5,678	6,265	6,682	8,536	6,344	4,734	5,274
Number of immunization clients	2,734	3,657	3,125	2,529	1,955	2,236	2,353	3,186	2,149	1,922
Total number of clients all programs	4,091	3,785	4,038	3,368	3,220	3,371	3,001	3,064	2,551	2,261
Culture and Recreation (7)										
Annual attendance at Museum	6,168	6,398	7,600	6,550	6,606	5,966	6,145	6,164	6,116	5,682

Source of Information:

1. County Clerk Election Files
2. County Appraiser
3. Register of Deeds
4. Emergency Management and County Sheriff
- 4a. In 2010 began recording all calls for service, both E911 and Communications Administrative
5. Public Works Annual Report
- 5a. Beginning in 2015 reported as lane miles
6. County Health Department
7. Old Mill Museum and Park Annual Report
- * - Information not available from department

MCPHERSON COUNTY, KANSAS
SUMMARY OF INSURANCE IN FORCE
December 31, 2016

Company Policy No. - Term	Coverage	Limit of Liability
Employers Mutual Casualty 0E6-16 03-01-16 to 12-31-16	Auto: Single Limit Liability Uninsured & Underinsured Motorist Auto Medical	\$ 500,000 500,000 5,000
Employers Mutual Casualty 0A6-16 03-01-16 to 12-31-16	Commercial Property Blanket Building & Personal Business Income	25,223,831 1,000,000
Employers Mutual Casualty 0C6-16 03-01-16 to 12-31-16	Commercial Inland Marine Contractors Equipment - per schedule Tools owned by named employee Data Processing - Equipment Data Proc. - Data, Media & Extra Expense Valuable Papers & Records (5 Locations)	2,780,067 36,200 373,400 175,000 810,500
Employers Mutual Casualty 0S6-16 03-01-16 to 12-31-16 Employers Mutual Casualty	Public Employees Faithful Employee Theft - per loss Forgery or Alteration Professional Endorsement Liability	10,000 10,000
Employers Mutual Casualty 0K6-16 03-01-16 to 12-31-16	Professional Endorsement Liability Each Loss Annual Aggregate	1,000,000 2,000,000
Employers Mutual Casualty 0L6-16 03-01-16 to 12-31-16	Employee Benefits Each Occurrence Aggregate Limit	500,000 1,000,000
KWOCR 150107547 03-01-16 to 12-31-16	Workers Comp. & Employer Liability By Accident: each accident By Disease: each employee	500,000 500,000
Employers Mutual Casualty 0D6-16 03-01-16 to 12-31-16	Commercial Gen. Liability. Coverage General Aggregate Aggregate Limit Personal & Advertising Injury Each Occurrence Fire Damage - Any one fire Medical Expense - Any one person	2,000,000 2,000,000 1,000,000 1,000,000 100,000 5,000
Employers Mutual Casualty 0G6-16 03-01-16 to 12-31-16	Law Enforcement Liability Each Occurrence Aggregate Limit	1,000,000 2,000,000
03-01-16 to 12-31-16 Employees Mutual Casualty 09-04-90 (Continuous) Alliance Insurance	Surety Bonds Elected Public Officials Bond Financial Manager	30,000 100,000

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